Supreme Court, U.S.
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No. 04-1738

In The

Supreme Court of the United States

NANCEY SILVERS.

Petitioner,

v.

SONY PICTURES ENTERTAINMENT, INC.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether Section 501(b) of the 1976 Copyright Act prohibits the assignment of an accrued cause of action for copyright infringement to the original author of a work where the assignor retains all other rights under the copyright; and, if so,

2. Whether joinder of the copyright owner as a party to the litigation pursuant to FRCP Rule 19(a) to foreclose the risk of duplicative suits is an appropriate remedy.

LIST OF PARTIES

Petitioner is Nancey Silvers.

Respondent is Sony Pictures Entertainment, Inc., a Delaware corporation ("Sony").

Additional party defendants in this case are Wendy Finerman Productions, Inc., a California corporation; Wendy Finerman; 1492 Films, Inc., a California corporation; Chris Columbus; Mark Radcliffe; Michael Barnathan; Patrick McCormick; Ron Bass; Margaret French Isaac; Gigi Levangie; Julia Roberts; Susan Sarandon; and Pliny Porter.

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PETITION FOR WRIT OF CERTIORARI

Petitioner Nancey Silvers respectfully petitions for a writ of certiorari to review the en banc decision of the Ninth Circuit Court of Appeals in this case filed on March 25, 2005.

OPINION BELOW

The en banc opinion of the United States Court of Appeals for the Ninth Circuit is published at 402 F.3d 881 (9th Cir. 2005) and is reprinted in the Appendix to this petition at pages 1-62. The district court's order denying Sony's motion to dismiss was not published and is reprinted in the Appendix at pages 63-69. The original panel's opinion superseded by the en banc decision was published at 330 F.3d 1204 (9th Cir. 2003) and is reprinted in the Appendix at pages 70-78. The Ninth Circuit's order taking the case en banc is published at 370 F.3d 1252 and is reprinted in the Appendix at page 79.

JURISDICTION

The United States District Court had jurisdiction over this action for copyright infringement pursuant to 28 U.S.C. § 1338(a). The United States Court of Appeals for the Ninth Circuit filed its opinion on March 25, 2005. Supreme Court jurisdiction is invoked pursuant to 28 U.S.C. § 1254(1).

RELEVANT STATUTORY PROVISIONS

1. 17 U.S.C. § 501(b):

"The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it. The court may require such owner to serve written notice of the action with a copy of the complaint upon any person shown, by the records of the Copyright Office or otherwise, to have or claim an interest in the copyright, and shall require that such notice be served upon any person whose interest is likely to be affected by a decision in the case. The court may require the joinder, and shall permit the intervention, of any person having or claiming an interest in the copyright."

2. Federal Rules of Civil Procedure, Rule 19(a):

"A person who is subject to service of process and whose joinder will not deprive the court of jurisdiction over the subject matter of the action shall be joined as a party in the action if (1) in the person's absence complete relief cannot be accorded among those already parties, or (2) the person claims an interest relating to the subject of the action and is so situated that the disposition of the action in the person's absence may (i) as a practical matter impair or impede the person's ability to protect that interest or (ii) leave any of the persons already parties subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations by reason of the claimed interest. If the person has not been so joined, the court shall order that the person be made a party. If the person should join as a plaintiff but refuses to do so, the

person may be made a defendant, or, in a proper case, an involuntary plaintiff. If the joined party objects to venue and joinder of that party would render the venue of the action improper, that party shall be dismissed from the action."

STATEMENT OF THE CASE

This petition seeks review of a decision by the United States Court of Appeals for the Ninth Circuit holding that Section 501(b) of the 1976 Copyright Act (17 U.S.C. § 501(b)) prohibits the assignment of an accrued cause of action for copyright infringement to the original author of a work where the assignor retains all other rights under the copyright.

Petitioner Nancey Silvers wrote the script for a made-for-television movie called *The Other Woman*. Silvers completed the script as a work-for-hire for Frank & Bob Films II, aka Von Zerneck/Sertner Films, which owns the copyright. Three years after *The Other Woman* aired on network television, Sony released the motion picture *Stepmom*. Silvers believed that *Stepmom* was copied from her work and obtained from Frank & Bob Films a written Assignment of Claims and Causes of Action. Although it retained ownership of the copyright to *The Other Woman*, Frank & Bob Films expressly assigned to Silvers "all right, title and interest in and to any claims and causes of action against Sony Pictures Entertainment, Inc., Columbia TriStar, and any other appropriate persons or entities, with respect to the screenplay '*The Other Woman*' . . . and the motion picture '*Stepmom*.'" (App. at 2.)

Silvers then filed an action against Sony (and others) for copyright infringement. Sony moved to dismiss on the ground that Silvers lacked standing. The district court denied the motion (App. at 63-69) and certified the issue for interlocutory appeal. The original Ninth Circuit panel unanimously affirmed the district court's order. (App. at 70-78.) The Ninth Circuit then voted to take the case en banc. (App. at 79.) Ultimately, a majority of seven judges of the en banc court reversed the district court's ruling, and four judges filed two separate dissents. (App. at 1-62.)

REASONS FOR GRANTING THE WRIT

The Ninth Circuit's majority opinion directly conflicts with a prior ruling by the Fifth Circuit on the same issue. In *Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698 (5th Cir. 1969), the court held that the assignee of an accrued copyright infringement cause of action had the right to maintain a suit regardless of whether the assignee was the copyright "proprietor." The Fifth Circuit held there was no public policy against such assignments and viewed the issue as a "simple assignment of a chose in action" requiring only that "the contract cover in no uncertain terms choses in action for past, prior accrued damages." (*Id.* at 699-700.) At the time this case was filed, *Nimmer on Copyright* relied on *Prather* for the following proposition:

> [T]he assignee of an accrued cause of action has standing to sue without the need to join his assignor, even if the latter retains ownership of all other rights under the copyright. (§ 12.02 [B], p.12-54 (1999).)

The Ninth Circuit majority in this case recognized that "the creation of a circuit split would be particularly troublesome in the realm of copyright" because it would frustrate "Congress' paramount goal in revising the 1976 Act of enhancing predictability and certainty of copyright ownership." The majority cautioned that inconsistent rules among the circuits would lead to different levels of protection in different areas of the country, even if the same infringement is occurring nationwide. (App. at 17-18.) Unfortunately, the Ninth Circuit misconstrued Section 501(b) and *Prather* and created the precise circuit split it warned against.

In addition to creating a split among circuits, the majority opinion casts doubt on the continued viability of a body of case law authorizing suits assigned to persons not specified in Section 501(b), and thereby creates uncertainty over whether and/or under what circumstances the owner of a copyright may assign an accrued infringement cause of action. The Ninth Circuit majority interpreted the following portion of Section 501(b) as carefully circumscribing, to the exclusion of all others, the only persons legally authorized to sue for infringement of a copyright (App. at 4-8):

> The legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for any infringement ***of that particular right committed while he or she is the owner of it***. (Emphasis added.)

Logically, the majority's construction of Section 501(b) would preclude all assignments of copyright infringement claims because, by definition, the assignee would not be the owner of the right at the time infringement occurred. That interpretation conflicts with numerous cases, such as

ABKCO Music, Inc. v. Harrisongs Music, Ltd., 944 F.2d 971, 980 (2d Cir. 1991), that recognize the copyright owner's ability to transfer an accrued cause of action along with the copyright. The majority's analysis also conflicts with the language of Section 501(b) to the extent it suggests that the owner of the particular right infringed may assign the accrued claim to the owner of a different right. As Judge Berzon noted in dissent, the majority's analysis is "internally inconsistent" (App. at 19), and that inconsistency can only lead to frustration of Congress' goal of predictability and certainty of copyright ownership.

In contrast, the district court, the initial appellate panel, and the dissenting judges of the en banc court all recognized that Section 501(b) could not be interpreted to allow assignment of accrued causes of action to certain persons under certain circumstances, but prohibit other assignments. Through different analytical processes, each opinion concluded that the assignment to Silvers was not prohibited by Section 501(b) and did not violate public policy. Judge Berzon in dissent explained that recognizing the validity of the assignment to Silvers was consistent with the overall purpose of copyright because Silvers, the creative force seeking to protect her work, "is the person for whom the copyright system is designed to provide incentives for more creations." (App. at 25.)

Adding to the uncertainty engulfing this issue, the Ninth Circuit majority found *Prather* "unhelpful authority" in part because it was decided under the 1909 Copyright Act. (App. at 15.) No other case law or treatise has questioned the continued viability of *Prather* after passage of the 1976 Copyright Act. The dissenting judges found *Prather* valid and persuasive authority for affirmance of the district court's order. The opinions also provide vastly

differing interpretations of the Second Circuit's rulings in *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.*, 697 F.2d 27 (2d Cir. 1982) and *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971 (2d Cir. 1991).

Supreme Court review is required to resolve the conflict between the Ninth Circuit and the Fifth Circuit and restore certainty and predictability to copyright ownership. The fact that the Ninth Circuit has produced multiple conflicting opinions reflects the current state of confusion not only over how the issue should be analyzed and resolved, but also over the proper interpretation and continued viability of numerous judicial decisions involving a copyright owner's ability to assign an accrued infringement cause of action.

LEGAL DISCUSSION

I. THERE IS A SPLIT AMONG THE CIRCUITS ON AN IMPORTANT QUESTION OF FEDERAL LAW. THE CIRCUIT SPLIT FRUSTRATES CONGRESS' GOAL OF ENHANCING PREDICTABILITY AND CERTAINTY OF COPYRIGHT OWNERSHIP.

In *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 749 (1989), the Supreme Court, citing the House Report, explained that Congress' paramount goal in revising the Copyright Act was to enhance predictability and certainty of copyright ownership. Conflicting circuit court decisions on the issue of whether and/or under what circumstances a copyright owner can assign an accrued infringement cause of action significantly undermines that goal.

Under the 1909 Copyright Act, the "proprietor" of a copyright was afforded the right to sue for damages for copyright infringement.[1] The term "proprietor" meant the sole owner of the copyright. *Gardner v. Nike, Inc.*, 279 F.3d 774, 777-778 (9th Cir. 2002). Notwithstanding the statute granting the right to seek damages for infringement solely to the copyright proprietor, the Fifth Circuit, in *Prather*, held that the copyright owner had the ability to transfer the accrued claim by assignment, and the assignee had standing to sue under Section 101 of the 1909 Act regardless of whether the assignee owned the copyright. The Fifth Circuit characterized the issue as a "simple assignment of a chose in action" and explained that the court had effective power through the joinder provisions of FRCP Rule 17 to avoid multiple suits or double recovery. (410 F.2d at 699-700.)

Prather was decided in 1969, during the 15-year period Congress was debating the proposed new copyright act. If Congress intended to change the law regarding assignment of an accrued cause of action in the 1976 Act, it could and would have done so by clear and express terms. As the dissenting opinions point out: "Congress is perfectly capable of including anti-assignment provisions in federal statutory schemes, but declined to do so in the

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[1] The 1909 Copyright Act in pertinent part provided: "If any person shall infringe the copyright in any work protected under the copyright laws of the United States such person shall be liable:

* * *

> To pay to ***the copyright proprietor*** such damages ***as the copyright proprietor may have suffered*** due to the infringement, as well as all the profits which the infringer shall have made from such infringement. . . .

17 U.S.C. § 101(b) (1909) (emphasis added).

1976 Act." (App. at 25; 38.) In fact, in the 1976 Act, when it did not want rights to be assignable, Congress established the prohibition in unmistakable statutory language. Subsection (e) of Section 106A expressly provides that the rights afforded to the author of a visual work of art pursuant to subsection (a) "may not be transferred."

In Section 501(b), Congress expanded the definition of persons in whom an infringement cause of action accrues to include an exclusive licensee:

> The legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for any infringement of that particular right committed while he or she is the owner of it.

Like the standing provision in the 1909 Act that authorized only the copyright proprietor to sue for damages for infringement, Section 501(b) defines the person in whom the cause of action accrues at the time of infringement. It was not intended to govern the issue of whether the cause of action, once it accrued, could be assigned. The remaining portion of Section 501(b) provides for joinder of anyone claiming an interest in the copyright to avoid the risk of duplicative suits. Section 501(b) is perfectly consistent with *Prather*.

The Ninth Circuit's interpretation of Section 501(b) as a limitation on the copyright owner's ability to assign an accrued infringement claim misconstrues the purpose of the statute and creates a split with the Fifth Circuit regarding whether an accrued infringement cause of action can be assigned independent from the copyright. Supreme Court review is both necessary and appropriate to resolve the conflict.

II. THE NINTH CIRCUIT'S DECISION CREATES UNCERTAINTY OVER THE ABILITY OF A COPYRIGHT OWNER TO ALIENATE PROPERTY.

The majority opinion, rather than enhancing predictability and certainty of copyright ownership, creates confusion over the copyright owner's ability to alienate property rights. Section 501(b) initially vests the right to sue in the legal or beneficial owner of the particular infringed right at the time infringement takes place. In other words, the cause of action accrues to whoever owns the infringed right at that moment. If, as the Ninth Circuit majority construes it, Section 501(b) defines the only persons legally authorized to sue for copyright infringement to the exclusion of all others, then an accrued cause of action could never be transferred because the transferee, by definition, would not be the legal or beneficial owner of the right at the time the infringement took place. As Judge Bea explained in his dissenting opinion, the majority's interpretation of Section 501(b) converts a claim for infringement into a life estate; a right that can never be transferred either by assignment or upon the copyright owner's death. (App. at 40.)

Courts, however, have consistently held that copyright infringement claims are transferable and may be assigned to someone who did not own the copyright at the time of infringement. *See, e.g., ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971, 980 (2d Cir. 1991). Although in a footnote the Ninth Circuit attempts to explain away the conflict between its interpretation of Section 501(b) and case law authorizing suits by assignees (App. at 17), this inconsistency undermines the integrity of the majority's analysis and necessarily casts doubt on the continued

viability of case law authorizing assignments of accrued causes of action under any circumstances.

Relying on *Prather* as authority, the court in *Infodek, Inc. v. Meredith-Webb Printing Company, Inc.*, 830 F. Supp. 614, 620 (N.D. Ga. 1993) succinctly stated the rule governing interpretation of copyright assignments as they relate to accrued causes of action:

> . . . [A] mere assignment of a copyright does not itself transfer to the assignee any cause of action for infringements that occurred prior to the assignment. Unless the assignment of copyright contains language explicitly transferring causes of action for prior infringements, the assignee cannot maintain a suit for infringements that happened before the effective date of the assignment.[2]

Numerous other cases have cited and/or applied this doctrine. *Prather v. Neva Paperbacks, Inc.* 410 F.2d 698, 700 (5th Cir. 1969); *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971, 980 (2nd Cir. 1991); *Intimo, Inc. v. Briefly Stated, Inc.*, 948 F. Supp. 315, 317 (S.D.N.Y. 1996); *Co-Opportunities, Inc. v. National Broadcasting Company, Inc.*, 510 F. Supp. 43, 46 (N.D. Cal. 1981); *De Silva Construction Corp. v. Herrald*, 213 F. Supp. 184, 193 (M.D. Fla. 1962); *Parfums Givenchy, Inc. v. C & C Beauty Sales, Inc.* 832 F. Supp. 1378, 1384 (C.D. Cal. 1993); *Ed Brawley, Inc. v. Gaffney*, 399 F. Supp. 115, 116 (N.D. Cal. 1975); *Sabroso Publishing, Inc. v. Caiman Records America, Inc.*, 141 F. Supp. 2d 224, 226-227 (D.C. P.R. 2001).

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[2] Indeed, in *Infodek*, the court gave effect to a bare assignment of accrued causes of action executed more than a year after the assignor had assigned the copyright to the assignee. (830 F. Supp. at 617-620.)

In practical effect, this rule:

> 1. Enables the copyright owner to transfer both the copyright and the accrued cause of action by express contract. By virtue of the assignment, the assignee becomes the real party-in-interest and may sue on the claim even though, contrary to the majority's interpretation of Section 501(b), the assignee was not the owner of the copyright at the time infringement occurred.
>
> 2. Enables the copyright owner to transfer the copyright but retain ownership of the accrued cause of action. In this scenario, the former copyright owner has standing to sue for infringement even though he no longer owns any interest in the copyright.

These cases confirm that (i) an accrued cause of action is an asset separate and severable from the copyright and can be effectively transferred to someone other than the person specified in Section 501(b); and (ii) a person who has no present ownership interest in the copyright and possesses only the accrued cause of action can maintain a suit for infringement. Yet the Ninth Circuit majority in this case held that Silvers lacks standing because she is not the person specified in Section 501(b) and has no ownership interest in the copyright.

The Ninth Circuit's analysis also creates confusion over whether an accrued claim for infringement of a particular exclusive right can be assigned to someone who owns a different interest in the copyright. Section 501(b) provides that the cause of action accrues at the time of infringement in the owner "of that particular right." The majority opinion again diverges from the statutory language when it asserts that "the plaintiff must be the legal

or beneficial owner of ***an*** exclusive right under a copyright.'" (App. at 4.) (Emphasis added.) Later in its opinion, the majority provides an example where A owns the copyright in a book and B owns the right to develop the book into a screenplay. The court explains that A may sue an infringer of the book, B may sue an infringer of the screenplay, and (according to the majority) neither can assign an accrued claim to C if C has no legal or beneficial interest in the copyright. (App. at 10-11.)

But what the majority opinion does not adequately address, for example, is whether A could assign an accrued infringement claim in the book to B even though B is not the owner "of that particular right" infringed. By stating repeatedly that "only owners of an exclusive right in a copyright may sue" (App. at 11), the Ninth Circuit suggests that the owner of the particular infringed right may assign the accrued claim to the owner of a different right even though that transaction conflicts with the majority's interpretation of Section 501(b).[3]

The Ninth Circuit majority's "internally inconsistent" analysis not only creates uncertainty, it leads to absurd results because its holding can be circumvented by contract. In this case, if Frank & Bob Films had transferred both the copyright to *The Other Woman* and the accrued infringement claim to Silvers, according to the majority

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[3] This hypothetical assignment makes sense from a practical perspective. Particularly if A is unwilling or unable to sue for infringement, B may want to pursue the claim against the publisher of the infringing book because that work lessens the value of B's exclusive right to produce a screenplay based on A's work. The commercial realities of copyright transactions require the greatest amount of flexibility.

that transaction would have enabled her to maintain the suit. (App. at 17.) In a second transaction, Silvers could have transferred just the copyright back to Frank & Bob Films and retained the cause of action. Silvers presumably could maintain the suit even after transferring the copyright back to Frank & Bob Films because she initially acquired both the copyright and the accrued claim in the same transaction. The parties would be in the same position they are in today: Frank & Bob Films would own the copyright and Silvers would own just the accrued cause of action. Yet the majority opinion holds that Frank & Bob Films and Silvers cannot accomplish in one contractual transaction what they could have accomplished in two.

The Ninth Circuit's decision creates considerable confusion over the copyright owner's ability to alienate property rights and appears certain to engender additional litigation. Particularly with property as divisible and alienable as a copyright and the realistic probability of multiple transfers in the marketplace, there needs to be a clear, bright-line rule. Permitting assignment to some persons under some circumstances but prohibiting assignment to others only creates confusion and frustrates Congress' goal of predictability and certainty of copyright ownership. The fact that the Ninth Circuit alone has produced four opinions on this issue with different analyses and results compels the conclusion that Supreme Court review is necessary and appropriate.

III. THE NINTH CIRCUIT'S DECISION CONFLICTS WITH ESTABLISHED CASE LAW PROVIDING FOR JOINDER OF THE COPYRIGHT OWNER AS THE APPROPRIATE REMEDY FOR A STANDING PROBLEM OF THIS NATURE.

In reliance on *Prather,* Silvers filed this action without joining the copyright owner. At the time this case was filed, *Nimmer on Copyright* cited *Prather* for the following proposition:

> [T]he assignee of an accrued cause of action has standing to sue without the need to join his assignor, even if the latter retains ownership of all other rights under the copyright. (§ 12.02 [B], p.12-54 (1999).)

The district court and the initial Ninth Circuit panel affirmed Silvers' right to bring suit without joining the copyright owner. Nonetheless, in briefing the issue to the Ninth Circuit, Silvers argued that if the court found a defect in standing, the appropriate remedy is to require joinder of the copyright owner as an indispensable party pursuant to Section 501(b) and FRCP Rule 19(a). That position is supported by the Supreme Court's decision in *Independent Wireless Telegraph Co. v. Radio Corporation of America*, 269 U.S. 459 (1926), and just about every other case that has addressed the insufficiency of the plaintiff's standing in both copyright and patent actions. (*See, e.g., First Financial Marketing Services Group, Inc. v. Field Promotions, Inc.*, 286 F. Supp. 295, 298-299 (S.D.N.Y. 1968); *Intellectual Property Development, Inc. v. TCI Cablevision of California, Inc.*, 248 F.3d 1333, 1348-1349 (Fed. Cir. 2001).

The Ninth Circuit did not address this issue in its opinion and its failure to do so creates uncertainty over the applicability of Rule 19(a) to standing issues of this

nature. Joinder is the appropriate remedy because there is no dispute between Frank & Bob Films and Silvers as to who owns the claim. Sony's only legitimate concern in this case is the risk of multiple suits. That risk is eliminated through joinder of the copyright owner. Supreme Court review of this case will permit a definitive determination not only of the issue of the copyright owner's ability to assign an infringement claim to the original author of the work, but also the proper remedy if any such assignment for some reason is deemed inadequate.

CONCLUSION

Silvers respectfully requests that the Supreme Court grant the petition for writ of certiorari and reverse the decision of the Ninth Circuit Court of Appeals.

Respectfully submitted,

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STEVEN GLASER
Attorneys for Petitioner
Nancey Silvers

402 F.3d 881

United States Court of Appeals,
Ninth Circuit.
Nancey SILVERS, Plaintiff-Appellee,
v.
SONY PICTURES ENTERTAINMENT, INC.,
Defendant-Appellant.
No. 01-56069.

Argued and Submitted En Banc Oct. 12, 2004.
Filed March 25, 2005.

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Steven Glaser, Gelfand Rappaport & Glaser, LLP, Los Angeles, California, for the plaintiff-appellee.

Robert H. Rotstein, McDermott, Will & Emery, Los Angeles, California, for the amicus curiae.

Appeal from the United States District Court for the Central District of California, Stephen V. Wilson, District Judge, Presiding. D.C. No. CV-00-06386-SVW.

Before: SCHROEDER, Chief Judge, and REINHARDT, RYMER, KLEINFELD, GRABER, WARDLAW, FISHER, GOULD, PAEZ, BERZON, and BEA, Circuit Judges.

GRABER, Circuit Judge.

May an assignee who holds an accrued claim for copyright infringement, but who has no legal or beneficial interest in the copyright itself, institute an action for infringement? After analyzing the 1976 Copyright Act and

its history, as well as the scant, although persuasive, precedent that is available in analogous situations, we answer that question "no." Accordingly, we reverse the ruling of the district court, which allowed this action by the assignee to proceed.

FACTUAL AND PROCEDURAL BACKGROUND

Nancey Silvers wrote the script of a made-for-television movie called "The Other Woman." Although Silvers wrote "The Other Woman" script, she did not hold the copyright, because "The Other Woman" was a work-for-hire that Silvers completed for Frank & Bob Films II, aka Von Zerneck/Sertner Films ("Frank & Bob Films"). Frank & Bob Films was the original owner of the copyright to "The Other Woman," and remains so today.

About three years after "The Other Woman" aired on a broadcast network, Sony Pictures Entertainment, Inc., released the motion picture "Stepmom." After the release of "Stepmom," Frank & Bob Films executed an "Assignment of Claims and Causes of Action" in favor of Silvers. Frank & Bob Films retained ownership of the underlying copyright to "The Other Woman" script, but assigned to Silvers "all right, title and interest in and to any claims and causes of action against Sony Pictures Entertainment, Inc., Columbia TriStar, and any other appropriate persons or entities, with respect to the screenplay *'The Other Woman'* . . . and the motion picture *'Stepmom.'*"

Silvers then filed a complaint against Sony for copyright infringement, alleging that the movie "Stepmom" was substantially similar to the script for "The Other Woman." Sony moved to dismiss on the ground that Silvers lacked standing to bring an action for copyright

infringement in the absence of some legal or beneficial ownership in the underlying copyright. The district court denied the motion and certified the issue for interlocutory appeal. *See* 28 U.S.C. § 1292(b) (providing procedure).

A panel of this court affirmed the district court's decision. *Silvers v. Sony Pictures Entm't, Inc.*, 330 F.3d 1204 (9th Cir.2003). The court then voted to take this case en banc, 370 F.3d 1252 (9th Cir.2004), withdrawing that opinion.

STANDARD OF REVIEW

We review de novo the district court's denial of Sony's motion to dismiss. *Glen Holly Entm't v. Tektronix Inc.*, 352 F.3d 367, 368 (9th Cir.2003). Likewise, we review de novo the district court's resolution of legal issues. *Cal. Satellite Sys. v. Seimon*, 767 F.2d 1364, 1366 (9th Cir.1985).

DISCUSSION

A. *The Statute*

Article I, section 8, clause 8, of the Constitution states: "The Congress shall have Power . . . To promote the Progress of Science and useful Arts by securing for limited Times to Authors . . . the exclusive Right to their . . . Writings. . . ." As is clear from its text, that clause of the Constitution grants no substantive protections to authors. Rather, Congress is empowered to provide copyright protection.

Copyright, therefore, is a creature of statute, and the only rights that exist under copyright law are those granted by statute. As the Supreme Court wrote 170 years ago:

> This right [in copyright] . . . does not exist at common law – it originated, if at all, under the acts of congress. No one can deny that when the legislature are about to vest an exclusive right in an author or an inventor, they have the power to prescribe the conditions on which such right shall be enjoyed. . . .

Wheaton v. Peters, 33 U.S. (8 Pet.) 591, 663-64, 8 L.Ed. 1055 (1834); *see also Stewart v. Abend,* 495 U.S. 207, 251, 110 S.Ct. 1750, 109 L.Ed.2d 184 (1990) (Stevens, J., dissenting) (stating that copyright is statutorily created); *M. Kramer Mfg. Co. v. Andrews,* 783 F.2d 421, 432 (4th Cir.1986) ("The right of copyright is a creature of federal statute, with its constitutional base in Article I, § 8, cl. 8."); *Russell v. Price,* 612 F.2d 1123, 1129 n. 17 (9th Cir.1979) ("Common-law copyright is no longer recognized under the Act. . . ."); *Microsoft Corp. v. Grey Computer,* 910 F.Supp. 1077, 1084 (D.Md.1995) ("Unlike contracts, copyrights and the rights flowing therefrom are entirely creatures of statute. . . ."). Accordingly, our starting point is the statute.

Section 501(b) of the 1976 Copyright Act establishes who is legally authorized to sue for infringement of a copyright:

> The *legal or beneficial owner of an exclusive right under a copyright* is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it.

17 U.S.C. § 501(b) (emphasis added). The meaning of that provision appears clear. To be entitled to sue for copyright infringement, the plaintiff must be the "legal or beneficial owner of an exclusive right under a copyright." *See* 4 *Business and Commercial Litigation in Federal Courts,* at

1062, § 65.3(a)(4) (Robert L. Haig ed.) (West Group & ABA 1998) ("If a claimant is not a proper owner of copyright rights, then it cannot invoke copyright protection stemming from the exclusive rights belonging to the owner, including infringement of the copyright.").

Section 106 of the 1976 Copyright Act, in turn, defines "exclusive rights":

> (1) to reproduce the copyrighted work in copies or phonorecords;
>
> (2) to prepare derivative works based upon the copyrighted work;
>
> (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
>
> (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
>
> (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
>
> (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

17 U.S.C. § 106. The right to sue for an accrued claim for infringement is not an exclusive right under § 106. Section 201(d) refers to exclusive rights and provides:

> (1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.
>
> (2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

17 U.S.C. § 201(d). Exclusive rights in a copyright may be transferred and owned separately, but § 201(d) creates no exclusive rights other than those listed in § 106, nor does it create an exception to § 501(b).

Section 501(b) must also be read in conjunction with § 501(a), which provides that one who "violates any of the exclusive rights of the copyright owner as provided by sections 106 through 122 . . . is an infringer." The definition of an infringer in subsection (a) is parallel to the definition of a proper plaintiff in subsection (b). Common to both subsections is an exclusive copyright interest.

In addition, when a copyright interest is transferred it must be recorded to protect the copyright holder's right to bring an infringement suit. 17 U.S.C. § 205(d); *see* H.R.Rep. No. 94-1476, at 129 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5744 ("The provisions of subsection (d)[] requir[e] recordation of transfers as a prerequisite to the institution of an infringement suit. . . ."). This requirement ensures that prospective buyers or transferees have notice of the copyright interests owned by others.

See H.R.Rep. No. 94-1476, at 128, *reprinted in* 1976 U.S.C.C.A.N. at 5744 (stating that a copyright recorded in compliance with subsection (c) provides constructive notice of its contents). By contrast, the recording statute does not contemplate a transfer of anything other than an ownership interest in the copyright, along with the concomitant exclusive rights.

Returning to the operative section, under § 501(b) the plaintiff must have a legal or beneficial interest in at least one of the exclusive rights described in § 106. Additionally, in order for a plaintiff to be "entitled . . . to institute an action" for infringement, the infringement must be "committed while he or she is the owner of" the particular exclusive right allegedly infringed. 17 U.S.C. § 501(b).

The statute does not say expressly that *only* a legal or beneficial owner of an exclusive right is entitled to sue. But, under traditional principles of statutory interpretation, Congress' explicit listing of who *may* sue for copyright infringement should be understood as an *exclusion of others* from suing for infringement. The doctrine of *expressio unius est exclusio alterius* "as applied to statutory interpretation creates a presumption that when a statute designates certain persons, things, or manners of operation, all omissions should be understood as exclusions." *Boudette v. Barnette,* 923 F.2d 754, 756-57 (9th Cir.1991).

There are two particularly important reasons to apply such a presumption here. First, we are mindful of the principle with which we began our discussion: Copyright is a creature of statute, so we will not lightly insert common law principles that Congress has left out. Second, the durational limitation in § 501(b) shows that Congress restricted even the legal or beneficial owner of a copyright;

the owner is not entitled to sue unless the alleged infringement occurred "while he or she [was] the owner of it." In other words, Congress' grant of the right to sue was carefully circumscribed.

We think the meaning of § 501(b) is clear, but we recognize that its omission explicitly to address the present question may create an ambiguity. Therefore, we consult legislative history. *See United States v. Daas,* 198 F.3d 1167, 1174 (9th Cir.1999) ("The first step in ascertaining congressional intent is to look to the plain language of the statute. . . . If the statute is ambiguous . . . courts may look to its legislative history for evidence of congressional intent.").

B. *Legislative History*

The 1976 Copyright Act was the result of 15 years of drafting, deliberations, and compromise. *See* H.R.Rep. No. 94-1476. The House Report suggests strongly that Congress intended to limit the class of persons who may sue for infringement:

> Subsection (b) of section 501 enables *the owner of a particular right* to bring an infringement action in that owner's name alone, while at the same time insuring to the extent possible that *the other owners* whose rights may be affected are notified and given a chance to join the action.
>
> The first sentence of subsection (b) empowers the "legal or beneficial owner of an exclusive right" to bring suit for "any infringement of that particular right committed while he or she is the owner of it." A "beneficial owner" for this purpose would include, for example, an author who had parted with legal title to the copyright in exchange for

> percentage royalties based on sales or license fees.

H.R.Rep. No. 94-1476, at 159, *reprinted in* 1976 U.S.C.C.A.N. at 5775 (emphasis added). Non-owners claiming a bare right to sue, such as Silvers, are not entitled to notice or joinder, which suggests that Congress did not envision their existence, or that the right to sue was a right severable from ownership of one of the authorized exclusive rights.

In other words, Congress wanted to ensure that an *owner* of *any exclusive right* in the copyright was entitled to bring a suit for infringement. Congress foresaw a permissible division of exclusive rights; the owner of any one of those exclusive rights may sue, with other owners being entitled to notice and joinder. In this sense, Congress intended to "unbundle" the exclusive rights.

Under the 1909 Copyright Act, which was the predecessor of the Copyright Act of 1976, a copyright "proprietor" was the *only* individual who had standing to sue for an infringement. 17 U.S.C. § 101(b) (1952); *Gardner v. Nike, Inc.*, 279 F.3d 774, 777-78 (9th Cir.2002). Courts interpreted the 1909 statute as providing a proprietor with an indivisible bundle of rights arising from a copyright – rights that could not be assigned piecemeal. *Id.* at 778. This enforced unity of rights created serious hardships for copyright holders who were interested in assigning the various property rights arising from a copyright separately, for instance selling the motion picture rights in a novel separately from the right to print the novel in book form. *See* Roger D. Blair & Thomas F. Cotter, *The Elusive Logic of Standing Doctrine in Intellectual Property Law,* 74 Tul. L.Rev. 1323, 1366-67 (2000) (discussing history).

Congress, aware of these constraints on commercial dealings, largely dispensed with the doctrine of indivisibility in the Copyright Act of 1976. *Id.; see also* H.R.Rep. No. 94-1476, at 123, *reprinted in* 1976 U.S.C.C.A.N. at 5738-39 (noting that the right to assign separate property interests in a copyright had "long been sought by authors and their representatives" and had "attracted wide support from other groups"). Although Congress allowed for divisibility of *ownership* interests under a copyright, it did not alter the requirement that *only owners* of an exclusive right in the copyright could bring suit.

The legislative history makes clear, too, that the list of exclusive rights found in § 106 is exhaustive. The House Report states:

> The exclusive rights accorded to a copyright owner under section 106 are "to do and to authorize" any of the activities specified in the five numbered clauses.

H.R.Rep. No. 94-1476, at 61, *reprinted in* 1976 U.S.C.C.A.N. at 5674. If a right is not "specified," then it is not one of the exclusive rights granted by Congress. The House Report that deals with the exclusive rights provided in § 106 also explains that "[e]ach of the five enumerated rights may be subdivided indefinitely and, . . . in connection with section 201 [governing transfer of rights], *each subdivision* of an exclusive right may be *owned and enforced* separately." *Id.* (emphasis added). In other words, exclusive rights may be chopped up and owned separately, and each separate owner of a subdivided exclusive right may sue to enforce that owned portion of an exclusive right, no matter how small. For instance, A may own the copyright in a book, while B may own the right to develop the book into a screenplay. A may sue an infringer of the

book; B may sue an infringer of the screenplay. But only owners of an exclusive right in a copyright may sue. For instance, neither A nor B in the example above could assign an accrued claim for copyright infringement to C if C had no legal or beneficial interest in the copyright.

C. *Patent Law*

We have long noted the strong connection between copyright and patent law: "Where precedent in copyright cases is lacking, it is appropriate to look for guidance to patent law 'because of the historic kinship between patent law and copyright law.'" *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1333 (9th Cir.1984) (quoting *Sony Corp. of Am. v. Universal City Studios,* 464 U.S. 417, 439, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984)); *see also Gardner,* 279 F.3d at 780-81 (relying in part on patent law to hold that rights under an exclusive copyright license could not be assigned without the original licensor's consent and holding that assignee lacked standing to sue). Although the Supreme Court has not addressed the issue at hand, it has addressed the question whether a bare assignment can give rise to a cause of action in the context of patent law.

The Patent Act of 1952 provides that "[a] patentee shall have remedy by civil action for infringement of his patent." 35 U.S.C. § 281 (1988). Like the 1976 Copyright Act, the Patent Act does not explicitly forbid an assignment of causes of action separate from an assignment of substantive rights in the protected work. Nonetheless, the Supreme Court has interpreted the Patent Act to provide that *only* a holder of patent rights may sue.

In *Crown Die & Tool Co. v. Nye Tool & Machine Works,* 261 U.S. 24, 26, 33-35, 43 S.Ct. 254, 67 L.Ed. 516

(1923), the Supreme Court considered whether a patent holder could assign its claims for infringement to another party without also transferring rights in the patent. Like the 1976 Copyright Act, the Patent Act that was in force at the time the Supreme Court decided *Crown Die* did not explicitly forbid the assignment of bare causes of action for infringement:

> Every patent or any interest therein shall be assignable in law by an instrument in writing, and the patentee or his assigns or legal representatives may in like manner grant and convey an exclusive right under his patent to the whole or any specified part of the United States.

Pub.L. No. 147, § 6, 42 Stat. 389, 391 (1922) (amending R.S. § 4849). Nevertheless, the Supreme Court held that a bare assignment cannot give rise to a cause of action for infringement. The Court expressed its holding in durational terms that echo 17 U.S.C. § 501(b): "If the owner of the patent when the infringements took place has assigned his patent to one, and his claims for damages for infringement to another, then the latter cannot sue at law at all but must compel his assignor of the claims to sue for him." *Id.* at 44, 43 S.Ct. 254. The Court reasoned:

> "The [patent] monopoly did not exist at common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of the common law. It is created by the act of Congress; and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes."

Id. at 40, 43 S.Ct. 254 (quoting *Gayler v. Wilder*, 51 U.S. (10 How.) 477, 494, 13 L.Ed. 504 (1850)). That text is

substantively identical to the Court's expression of the nature of copyright in *Wheaton,* 33 U.S. at 663-64:

> This right [in copyright] . . . does not exist at common law – it originated, if at all, under the acts of congress. No one can deny that when the legislature are about to vest an exclusive right in an author or an inventor, they have the power to prescribe the conditions on which such right shall be enjoyed. . . .

Crown Die effectively creates a presumption that, when we consider standing under a statutory scheme involving intellectual property, common law doctrine does not apply.

Courts continue to read the patent statute to mean that, in general, only a patentee (or an exclusive licensee who possesses all substantial rights in the patent) may institute an action for infringement. *See Prima Tek II, L.L.C. v. A-Roo Co.,* 222 F.3d 1372, 1381 (Fed.Cir.2000) ("Standing to sue for infringement depends entirely on the putative plaintiff's proprietary interest in the patent, not on any contractual arrangements among the parties regarding who may sue and who will be bound by judgments. . . . [A] 'right to sue' clause cannot confer standing on a bare licensee. . . ."); *Ortho Pharm. Corp. v. Genetics Inst., Inc.,* 52 F.3d 1026, 1030 (Fed.Cir.1995) ("Thus, the statute requires that the parties to an infringement suit will have the patentee on one side and the accused infringer on the other. Without the patentee as plaintiff, the remedies provided in the patent statute are unavailable except in extraordinary circumstances as where the patentee is the infringer, and cannot sue himself." (internal quotation marks omitted)).

We should interpret the Copyright Act consistently with the requirement of the Patent Act. Despite the differences between patents and copyrights, and between the statutes governing them, the common question is whether a substantive, exclusive right to intellectual property may be divorced from a cause of action for infringement of that substantive right. Under both copyright and patent law, substantive rights are assignable; the question whether those rights are severable from the entitlement to sue someone for infringing those rights requires a similar analysis. *Crown Die* rejected the centerpiece of the district court's reasoning here, viz.: that because Congress did not expressly proscribe the right to assign a cause of action alone, such a right must exist. Instead, the Court used the same logic that we have applied: No rights exist with respect to patents unless they are created affirmatively by Congress, and courts may recognize only those rights that appear in the statute.

D. *Cases From Other Circuits*

Last but not least, we turn for guidance to the case law of other courts. Two other circuits have faced questions somewhat similar to the one we confront here. We find the Fifth Circuit's decision under the 1909 Copyright Act to be less persuasive than the Second Circuit's more recent opinion under the 1976 Copyright Act.

In *Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698, 699 (5th Cir.1969), an author's publisher assigned to the author *both* the copyright to the author's work *and* the accrued causes of action related to the work. When the author sued the publisher for copyright infringement, the publisher claimed that the author lacked standing to sue.

Id. The Fifth Circuit disagreed and held that the publisher clearly had transferred the right to sue to the author; the author, therefore, could maintain an action for infringement. *Id.* at 700.

Prather is unhelpful authority for two reasons. First, it was decided before the 1976 Copyright Act was enacted and thus does not bear on how we should interpret § 501(b). The predecessor to the 1976 Act, the 1909 Act, simply afforded the "proprietor" of a copyright the right to sue for infringement. 17 U.S.C. § 101(b) (1952); *see also* Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 132 (1976). The 1909 Act did not define "proprietor" or "exclusive rights," nor did it provide that "legal or beneficial owners" of exclusive rights were entitled to sue for infringement. 17 U.S.C. § 101(b) (1952). Those features, missing in the 1909 Act, but present in the 1976 Act, are central to a decision on the present question.

Second, the assignment in *Prather* involved both accrued causes of action *and* some of what we now would call exclusive rights. The contract included an assignment of "all . . . right, title and interest in and to the copyright" of the book involved. *Prather,* 410 F.2d at 699 n. 1. Therefore, the *Prather* court was not faced, as we are, with a situation in which the owner of all the exclusive rights and the owner of the accrued causes of action are two different people.

The Second Circuit came to a different conclusion under the 1976 Copyright Act. In *Eden Toys, Inc. v. Florelee Undergarment Co.,* 697 F.2d 27 (2d Cir.1982), *superseded by rule and statute on other grounds,* the court held that one who owns no exclusive right in a copyright may not sue for infringement. The court explained:

> Eden apparently believed that a third basis for standing under the Copyright Act existed, namely authorization by the copyright holder of suit by a person *other* than an exclusive licensee. Clause 9 of the 1975 Eden/Paddington agreement . . . contemplates such an arrangement. We do not believe that the Copyright Act permits holders of rights under copyrights to choose third parties to bring suits on their behalf. While F.R. Civ. P. 17(a) ordinarily permits the real party in interest to ratify a suit brought by another party, the Copyright Law is quite specific in stating that only the "owner of an exclusive right under a copyright" may bring suit.

Id. at 32 n. 3 (citations omitted).

It is not entirely clear whether the copyright holder in *Eden Toys* had granted to Eden the right to sue on *accrued* causes of action, as is the case here, or only the right to sue prospectively. Whether the assignment was prospective or retrospective, however, the court made plain the basic principle, which we also have derived from § 501(b) and its context and history, that only the owner of an exclusive right under the copyright is entitled to sue for infringement.

A few years later, the Second Circuit decided *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971, 980 (2d Cir.1991), a copyright case in which ABKCO had bought *both* the copyright to a song *and* "any and all rights assertable under copyright against the Infringing Composition in any part of the world which may have heretofore arisen or which may hereafter arise." (Internal quotation marks omitted.) Although the infringement in question had occurred before ABKCO bought the copyright, the court held that ABKCO could sue the infringer "not out of

its ownership of the copyright, but from its ownership of the claims themselves which it purchased, along with the copyright, in 1978." *Id.* at 981. The Second Circuit made clear that its decision was limited to the situation in which the same entity purchased *both* the copyright *and* accrued claims;[1] the only issue was one of timing, whether ownership of the copyright and occurrence of the infringement had to coincide. The court reaffirmed the principle of *Eden Toys* that a party that has no ownership interest has no standing to sue; "the Copyright Act does not permit copyright holders to choose third parties to bring suits on their behalf." *Id.* at 980.

We think it important to parallel the Second Circuit for two reasons. First, and more importantly, our independent analysis leads us to the same conclusion. Second, the creation of a circuit split would be particularly troublesome in the realm of copyright.[2] The Supreme Court has noted "Congress' paramount goal in revising the 1976 Act of enhancing predictability and certainty of copyright ownership." *Cmty. for Creative Non-Violence v. Reid,* 490 U.S. 730, 749, 109 S.Ct. 2166, 104 L.Ed.2d 811 (1989).

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[1] This holding makes perfect sense, as it is consistent with the Act and with the constitutional purpose of encouraging authors and inventors by creating a limited monopoly on their works and inventions. When one acquires a copyright that has been infringed, one is acquiring a copyright whose value has been impaired. Consequently, to receive maximum value for the impaired copyright, one must also convey the right to recover the value of the impairment by instituting a copyright action. Of course, in this sort of commercial transaction the ultimate payment would be calculated minus the costs of suit.

[2] *Prather* arose under the 1909 Copyright Act, not under the 1976 Copyright Act. Therefore, we create no split with the Fifth Circuit, which has yet to decide anything about the meaning of 17 U.S.C. § 501(b), a provision that had no direct analogue in the earlier statute.

As we have phrased it, "[c]ongressional intent to have national uniformity in copyright laws is clear." *Syntek Semiconductor Co. v. Microchip Tech. Inc.*, 307 F.3d 775, 781 (9th Cir.2002). That admonition makes sense, given the nature of intellectual property. Inconsistent rules among the circuits would lead to different levels of protection in different areas of the country, even if the same alleged infringement is occurring nationwide.

CONCLUSION

The bare assignment of an accrued cause of action is impermissible under 17 U.S.C. § 501(b). Because that is all Frank & Bob Films conveyed to Silvers, Silvers was not entitled to institute and may not maintain this action against Sony for alleged infringement of the copyright in "The Other Woman."

REVERSED.

BERZON, Circuit Judge, with whom REINHARDT, Circuit Judge, joins, dissenting:

I respectfully dissent. Applying the usual mode of analysis used in this circuit for determining whether a statute allows assignment of claims, I would conclude that Nancey Silvers, as the original creator of "The Other Woman," should be allowed to pursue the accrued causes of action that Frank & Bob Films II assigned to her.

Section 501(b) of the 1976 Copyright Act establishes the standing requirement for infringement actions:

> The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular

> right committed while he or she is the owner of it.

17 U.S.C. § 501(b). The majority relies on the notion that "[t]he meaning of that provision appears clear," *ante* at 884, to conclude that the assignment to Silvers is invalid because she does not own an exclusive right under the copyright. *Ante* at 890.

The majority opinion, however, is internally inconsistent, provides inadequate support for its conclusion, and ignores our analogous precedents.

1. The inconsistency turns on the majority's citation of § 501(b)'s durational limitation, i.e., that the owner is not entitled to sue unless the alleged infringement occurred "while he or she [was] the owner of [the copyright right]," as evidence of Congress's tight circumscription of persons who have standing to sue. *Ante* at 885-86. The majority maintains that "Congress' explicit listing of who *may* sue for copyright infringement should be understood as an *exclusion of others* from suing for infringement." *Ante* at 885.

As the majority later acknowledges, however, the durational limitation is hardly airtight. After a copyright holder sells a copyright, in whole or in part, the new owner may pursue a cause of action that accrued *before* purchase, as long as the cause of action is transferred along with the copyright. *Ante* at 890, fn. 1. The majority maintains that this "makes perfect sense," because "[w]hen one acquires a copyright that has been infringed, one is acquiring a copyright whose value has been impaired," and "[c]onsequently, to receive maximum value for the impaired copyright, one must also convey the right to recover the value of the

impairment by instituting a copyright action." *Ante* at 890, fn. 1.

However practical this analysis, the fact remains that it cannot be squared with a literal reading of section 501(b), on which the majority otherwise rests. And, as the language of section 501(b) is *not* necessarily determinative in deciding the viability of assignments of accrued rights to sue for copyright infringement, section 501(b) cannot, absent further analysis, dictate the majority's conclusion that *no* assignment of accrued causes of action without transfer of the underlying copyright is permissible.

2. If the language of § 501(b) is not determinative, then what is? I agree with Judge Bea that the assumption that background common law principles apply with regard to assignment of accrued causes of action applies to the Copyright Act as to other federal statutes. *Post* at 901-03. I part company with Judge Bea, however, at the point at which he suggests that an entirely free market for accrued causes of action in copyright is the proper antidote to the majority's preclusion of effective transfer of such accrued causes of action. *Post* at 905. Instead, I would hold that Silvers, given her status as the original creator of the contested "work-for-hire," may pursue the accrued claims assigned by Frank & Bob Films, while a complete stranger to the creative process could not.

Contrary to the majority's strict statutory approach, the question of valid assignment "is appropriate for the development of interstitial federal common law [to ensure] harmony with the overall purposes of the [Copyright Act]." *Gulfstream III Assocs. v. Gulfstream Aerospace Corp.*, 995 F.2d 425, 438 (3d Cir.1993). Our circuit's precedents support approach to the general question of whether

claims created by federal statute are assignable. In particular, this circuit's cases deciding whether to enforce assignments of Employee Retirement Income Security Act ("ERISA") claims, which focus on whether "the general goal of the statute would be served by prohibiting the type of assignments involved in th[e] case," *Misic v. Bldg. Serv. Employees Health & Welfare Trust*, 789 F.2d 1374, 1377 (9th Cir.1986) (per curiam), provide a helpful analog for consideration of Silvers' case.

Misic decided that a health care provider, assigned accrued causes of action for health welfare benefits by his patients, could pursue his ERISA lawsuit. Our analysis proceeded in two steps. First, we reviewed the statutory text to decide whether ERISA permitted assignment of the claims for reimbursement of welfare benefits. *Id.* at 1376-77. The statute specifically precludes assignment or alienation of pension benefits, but is silent as to assignment of welfare benefits.[1] We interpreted ERISA's silence on assignment in the welfare benefit plan context, in light of the explicit anti-assignment provision for pension claims, to allow assignment of welfare claims, because "[n]either the specific *purpose* of the anti-assignment provision nor the *general goal* of the statute would be

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[1] ERISA provides:

Assignment or alienation of benefits

(1) Each pension plan shall provide that benefits provided under the plan may not be assigned or alienated.

(2) For the purposes of paragraph (1) of this subsection, there shall not be taken into account any voluntary and revocable assignment of not to exceed 10 percent of any benefit payment, or of any irrevocable assignment or alienation of benefits executed before September 2, 1974.

29 U.S.C. § 1056(d).

served by prohibiting the type of assignment involved in [the] case." *Id.* at 1377 (emphases added).

Second, we decided that the assignee, Misic, had standing to sue, even though the statutory provision authorizing suit identified only "participants, beneficiaries, fiduciaries, and the Secretary of Labor" as the parties with standing [sic] bring suit.[2] *Id.* at 1378 (citing 29 U.S.C. § 1132(a)). Unlike the majority in this case, we did not consider the statutory language determinative on the question of assignability of accrued causes of action. Instead, we looked to the relevant statute to determine whether the *assignors* had standing, not to decide whether to honor the assignment. We concluded that the assignment was permissible because "Dr. Misic 'st[ood] in the shoes of the [b]eneficiaries;' and Dr. Misic's *assignors,* beneficiaries under the Act [were] expressly authorized by [the statute] to sue to recover benefits due under a plan." *Id.* (emphasis added, second alteration in original).

We took the same general approach, albeit with the opposite result, in *Simon v. Value Behavioral Health, Inc.*, 208 F.3d 1073 (9th Cir.2000). Although we read *Misic* to allow assignment to healthcare providers, we refused in *Simon* to honor the assignment of claims *from* "health care providers to whom the beneficiaries originally assigned their claims." *Id.* at 1081. *Simon* explains that in *Misic,*

> we granted derivative standing to health care providers *not* because we believed that federal

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[2] The statute provided, in relevant part: "A civil action may be brought (1) by a *participant or beneficiary* . . . (B) to recover benefits due to him under the terms of his plan, to enforce his rights under the terms of the plan, or to clarify his rights to future benefits under the terms of the plan." 29 U.S.C. § 1132(a) (emphasis added).

> common law on derivative standing trumps the plain language of [the statute]. We granted it because permitting health care providers to sue in place of the beneficiaries they had treated was consistent with Congressional intent in enacting ERISA.

Id. Our decision to disallow assignment of claims by health care providers was related to underlying public policy concerns, as "grant[ing] Simon standing would [have] be[en] tantamount to transforming health benefit claims into a freely tradable commodity." *Id.* Predicting that the opposite result "would allow third parties with no relationship to the beneficiary to acquire claims solely for the purpose of litigating them," we declined to recognize the assignment as it was unclear "how such a result would further ERISA's purpose." *Id.*

Both this circuit and others have used similar policy-based analyses in deciding whether assignments of other federal statutory claims were valid. *See, e.g., Simon,* 208 F.3d at 1082-83 (antitrust claim under the Clayton act); *Klamath Lake Pharm. Ass'n v. Klamath Med. Serv. Bureau,* 701 F.2d 1276 (9th Cir.1983) (considering the background rule that only a real party in interest may prosecute claims in federal court to hold that an assignment was valid); *Pac. Coast Agric. Export Ass'n v. Sunkist Growers, Inc.,* 526 F.2d 1196 (9th Cir.1975); *see also Tex. Life, Accident, Health & Hosp. Serv. Ins. Guar. Ass'n v. Gaylord Entm't Group,* 105 F.3d 210, 215 (5th Cir.1997) (using *Misic's* approach to consider whether "derivative standing to assignees of breach of fiduciary duty claims . . . [would] frustrate ERISA's purpose"). I would do so here as well.

3. I turn, therefore, to whether Frank & Bob Films' assignment of the accrued cause of action to Silvers, the original creator of "The Other Woman," should be permitted under 17 U.S.C. § 501(b).

As the majority makes clear, Silvers is not the owner of the copyright and therefore would not ordinarily be permitted to pursue a copyright infringement claim. Following our approach in the ERISA cases discussed above, the relevant inquiry is whether recognition of the assignment to Silvers is consistent with Congress' overall intent in enacting the 1976 Copyright Act.

The basic purpose of copyright is "to *promote* the creation and publication of free expression." *Eldred v. Ashcroft,* 537 U.S. 186, 219, 123 S.Ct. 769, 154 L.Ed.2d 683 (2003). Congress has struck "a difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand." *Sony Corp. v. Universal City Studios, Inc.,* 464 U.S. 417, 429, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984). To achieve that balance, embedded in "the traditional contours of copyright protection," *Eldred,* 537 U.S. at 221, 123 S.Ct. 769, are two major First Amendment protections: (1) as "between ideas and expression . . . only the latter [is] eligible for copyright protection," *id.* at 219, 123 S.Ct. 769; and (2) "the 'fair use' defense allows the public to use not only facts and ideas contained in a copyrighted work, but also expression itself in certain circumstances." *Id.* (citing 17 U.S.C. § 107).

I see nothing in the assignment of accrued claims of Frank & Bob Films for infringement of a work *created* by

Silvers *to* Silvers that violates these background principles. Silvers has a significant interest in the infringement of "The Other Woman," as she was the original creator. She might well herself have held the copyright had she not contracted with Frank & Bob Films to create a work-for-hire. Although she relinquished the right to the copyright through her contract with Frank & Bob Films, she maintained an interest in how her work was used. More importantly, Silvers, as the creator, is the person for whom the copyright system is designed to provide incentives for more creations.

In addition, allowing this assignment is consistent with "the need for free alienability and divisibility" of copyright. *Gardner v. Nike, Inc.*, 279 F.3d 774, 781 (9th Cir.2002). It also conforms with "the necessity [of] preserv[ing] the rights and control of . . . owners and creators." *Id.*

Supporting this result is the consideration, discussed above, that section 501(b)'s limitations have not been and should not be read as narrowly as possible. As noted, the majority makes clear that allowing a copyright owner to pursue claims that accrued *before* he held the copyright, once assigned along with the copyright, is eminently sensible. *Ante* at 890, fn. 1. I see no reason why allowing assignment to original creators of copyrighted works without the copyright would any more undermine the delicate balance that Congress has struck. Moreover, as Judge Bea notes, *post* at 900-01, Congress is perfectly capable of including anti-assignment provisions in federal statutory schemes, but declined to so in the 1976 Act.

I would hold, therefore, that Frank & Bob Films, for whom Silvers completed her work-for-hire, may assign its

accrued causes of action related to that work-for-hire to Silvers.

4. The majority places significant weight on *Crown Die & Tool Co. v. Nye Tool & Machine Works,* 261 U.S. 24, 43 S.Ct. 254, 67 L.Ed. 516 (1923), dealing with a somewhat similar question under patent law. The differences between copyright and patent law, and between the nature of the assignment in *Crown Die* and this case, are significant enough to warrant a different result.

In general, "patents and copyrights do not entail the same exchange." *Eldred,* 537 U.S. at 216, 123 S.Ct. 769. "The disclosure required by the Patent Act is 'the *quid pro quo* of the right to exclude.'" *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.,* 534 U.S. 124, 142, 122 S.Ct. 593, 151 L.Ed.2d 508 (2001) (quoting *Kewanee Oil Co. v. Bicron Corp.,* 416 U.S. 470, 484, 94 S.Ct. 1879, 40 L.Ed.2d 315 (1974)). "For the author seeking copyright protection, in contrast, disclosure is the desired objective, not something exacted from the author in exchange for the copyright." *Eldred,* 537 U.S. at 216-17, 123 S.Ct. 769.

These distinctions are reflected in the rules governing suits for infringements of copyrights and patents. Patentees, for example, "should be joined, either voluntarily or involuntarily, in *any* infringement suit brought by an exclusive licensee." *Prima Tek II, L.L.C. v. A-Roo Co.,* 222 F.3d 1372, 1377 (Fed.Cir.2000) (emphasis added). This scheme differs markedly from that of copyright infringement suits, as a copyright holder may transfer the "'exclusive' rights to use and to authorize the use of his work in

five qualified ways."[3] *Sony Corp.*, 464 U.S. at 433, 104 S.Ct. 774 (citing 17 U.S.C. § 106). Once he does so, "[t]he owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner." 17 U.S.C. § 201(d)(2).

With these differences in mind, I do not find the majority's reliance on *Crown Die,* 261 U.S. 24, 43 S.Ct. 254 (1923), persuasive in the current circumstances. The majority states that "*Crown Die* effectively creates a presumption that, when we consider standing under a statutory scheme involving intellectual property, common law doctrine does not apply." *Ante* at 889-90. I find no support for such a broad statement, given the significant changes to copyright law since *Crown Die* was decided. Issuance of a copyright no longer "vest[s] *an* exclusive right in an author," *Wheaton v. Peters,* 33 U.S. (8 Pet.) 591, 663, 8 L.Ed. 1055 (1834) (emphasis added), but several exclusive rights that the copyright holder may then divide infinitely. Furthermore, unlike an inventor who holds a patent, the original copyright holder need not remain involved in every infringement action brought under a copyright.

In addition, and critically, *Crown Die* dealt with a very different factual scenario than the one we have here. Reed Manufacturing, the patentee of a screw-thread cutting device invented by Wright and Hubbard, assigned its infringement claims against Crown Die & Tool Company

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[3] As the majority notes, *ante* at 886-87, the 1976 Act's legislative history indicates that "[e]ach of the five enumerated rights may be subdivided *indefinitely* and, . . . each subdivision of an exclusive right may be *owned and enforced separately.*" H.R.Rep. No. 94-1476, at 61, *reprinted in* 1976 U.S.C.C.A.N. 5659, 5674 (emphases added).

to Nye Tool & Machine Works, a competitor of Crown Die. *Crown Die,* 261 U.S. at 25-26, 43 S.Ct. 254. The assignment would have been analogous to the one before us if Reed had assigned its claims to Wright and Hubbard, rather than to a competitor of Crown Die. *Crown Die* did not, therefore, decide the precise question we have before us.

A different result in *Crown Die* would not only have created significant tension with the nature of the monopoly that a patentee holds, but it would have made an accrued cause of action a commodity on an *open* market, permitting assignees *without connection to the patented invention* to pursue infringement claims, "with the sole motive of harassing [infringers]." *Id.* at 39, 43 S.Ct. 254. That Nye and Crown Die were competitors could only have reinforced this concern.

The 1976 Act ushered in a new era of copyright law, while leaving in place the general principal goal of copyright: "to *promote* the creation and publication of free expression." *Eldred,* 537 U.S. at 219, 123 S.Ct. 769. I find no reason why Frank & Bob's Films' assignment of accrued claims against Sony to Nancey Silvers does not comport with that goal. I respectfully dissent.

BEA, Circuit Judge, with whom KLEINFELD, Circuit Judge, joins, dissenting:

The question presented in this case is whether an assignee of an accrued cause of action for copyright infringement, who has no legal or beneficial interest in the copyright itself, has standing to sue for copyright infringement. Sony Pictures Entertainment Inc. ("Sony") appeals the district court's order denying its motion to dismiss Nancey Silvers's ("Silvers") claim for copyright

infringement under 17 U.S.C. § 501(b) for lack of standing under Fed.R.Civ.P. 12(b)(1). After rehearing en banc, the Majority now holds such assignees do not have standing to sue for copyright infringement and reverses the district court's order denying Sony's motion to dismiss.

I believe that the text, purpose and history of the 1976 Copyright Act ("1976 Act") allow such assignees of an accrued copyright claim to sue for infringement. Accordingly, I respectfully dissent.

I.

I quite agree with the Majority that the starting point in this case is necessarily the statute under which Silvers brought suit. *See* op. at 884. Section 501(b) of the 1976 Act provides, in pertinent part:

> The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411,[1] to institute an action for any infringement of that particular right committed while he or she is the owner of it.

17 U.S.C. § 501(b) (1976).

Turning to first principles, then, it is well-established that courts should interpret a statute according to its plain meaning. *See United States v. Robinson*, 94 F.3d 1325, 1328 (9th Cir.1996) ("If the language of a statute is unambiguous, the plain meaning controls."). However, where a statute is ambiguous, courts should consult a statute's legislative history to discern Congressional intent. *See*

[1] Section 411 provides that no action shall be commenced unless the copyright has been registered. 17 U.S.C. § 411.

United States v. Daas, 198 F.3d 1167, 1174 (9th Cir.1999). Here, as the Majority acknowledges, the statute does not address the present question and is therefore ambiguous.[2] *See* op. at 885-86 ("[w]e recognize that [Section 501(b)'s] omission explicitly to address the present question may create an ambiguity.").

The key to understanding the legislative history of the 1976 Act, then, is an understanding of the history of standing to sue under copyright law as it existed prior to the 1976 Act. When read in context with copyright law that existed before the 1976 Act, and the portions of the law that were not changed by such Act, a conclusion different from the Majority's reading emerges.

A. *History of the 1909 Copyright Act*

Under the Copyright Act of 1909 ("1909 Act") (codifying copyright law before the enactment of the 1976 Act), the "proprietor" of a copyright was afforded the right to sue for copyright infringement.[3] 17 U.S.C. § 101(b) (1909).

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[2] Indeed, the language of the statute cannot be all that clear, even to the Majority, since even it eschews "plain meaning" rules of interpretation and recurs to legislative sources. Op. at 885-87.

[3] The 1909 Copyright Act, 17 U.S.C. § 101(b) (1909), provided, in pertinent part:

> **§ 101. Infringement** If any person shall infringe the copyright in any work protected under the copyright laws of the United States such person shall be liable:
>
> * * *
>
> **(b) Damages and profits; amount; other remedies.**
>
> To pay to the copyright *proprietor* such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement. . . .

17 U.S.C. § 101(b) (1909) (emphasis added).

While the 1909 Act did not define the term "proprietor," courts interpreted that term to mean the "sole owner" of the copyright. *See, e.g., Gardner v. Nike, Inc.*, 279 F.3d 774, 777-778 (9th Cir.2002) (discussing the general history of the 1909 Act and holding that a sublicensee of a copyright lacked standing to sue under the 1976 Act).

The 1909 Act was predicated on the "doctrine of indivisibility." *Id.* at 778. That is, under the Act, a copyright owner possessed an indivisible "bundle of rights" which were "incapable of assignment in part." *Id.* Accordingly, assignment under the 1909 Act included "the totality of rights commanded by copyright." *Id.* Transfer of "[a]nything less than an assignment was considered a license." *Id.* Regardless the particular use of the copyright, "only the copyright *proprietor* (which would include an *assignee* but *not* a *licensee*) had standing to bring an infringement action." *Id.* (emphasis added).

Even though the statute granted standing solely to the "proprietor" of the entire copyright, courts nevertheless allowed *assignees* of an accrued cause of action for copyright infringement to sue for infringement of their property rights.[4] *See Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698, 700 (5th Cir.1969) (assignee of accrued cause of action had standing to sue for copyright infringement); *see also Moran v. London Records, Ltd.*, 827 F.2d 180, 183 (7th Cir.1987) (noting that courts applying the 1909 Act held that assignees had standing to sue for copyright infringement). The infringement claim, like any other contingent

[4] In addition, courts denied standing to mere licensees of partial rights or uses of the copyright. *See Prather*, 410 F.2d at 700.

asset,[5] could be sold, much like the copyright holder's claim against a trade debtor or a coupon clipped from the copyright holder's bond portfolio.

Moreover, all defenses against the assignor were valid against the assignee, who "stood in the shoes" of the assignor. *See T.B. Harms & Francis, Day & Hunter v. Stern,* 231 F. 645, 647 (2d Cir.1916) (holding that plaintiffs, as assignees of composer's rights under the contract, "stand in [the] shoes" of the assignor and could assert the defense of lack of mutuality of contract). *See also* 17 U.S.C. § 201(d)(2) (1976) ("[t]he owner of any particular exclusive right is entitled, to the extent of that right, to all the protection and remedies accorded to the copyright owner.").

B. *History of the 1976 Copyright Act*

The 1976 Act was the result of 15 years of debate on proposed legislation and was precipitated by Congress's recognition that the nature of copyrighted works had changed. Congress noted that, during the half-century since the passage of the 1909 Act, "a wide range of new techniques for capturing and communicating printed matter, visual images, and recorded sounds have come into use." H.R.Rep. No. 94-1476 at 159, *reprinted in* 1976 U.S.C.C.A.N. 5659 at 5775. For example, no longer was an opera performed only in a theater, but such a work could

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[5] Contingent liability is defined as "an existing condition, situation, or set of circumstances involving uncertainty as to possible gain [ ] or loss [ ] to an enterprise that will ultimately be resolved when one or more future events occur of [sic] fail to occur." Statement of Financial Accounting Standards No. 5, Accounting for Contingencies ¶ 1 (FASB March 1975).

be performed in movies, television, videos, records, and other forms. Such technical advances "generated new industries and new methods for the production and dissemination of copyrighted works, and the business relations between authors and users have evolved new patterns." *Id.*

Toward that end, Congress recognized the commercial need to divide and "infinitely subdivide" copyright uses in recognition of increasing technologically driven varieties of means of reproduction and distribution. Thus, one main purpose of the 1976 Act was, for the first time, to recognize the principle of "divisibility" of uses of a copyright, and the ability to convey the rights to uses separately to various reproducers, which divisible rights did not exist under the 1909 Act. *See* H.R.Rep. No. 94-1476 at 159, *reprinted in* 1976 U.S.C.C.A.N. 5659 at 5775, *infra.*

Congress further recognized that allowing for "divisibility" of the copyright required a mechanism whereby heretofore barred owners of exclusive licenses could now sue for copyright infringement. Accordingly, Congress enacted Section 501 of the 1976 Act to provide access to the courts for the owner of one or more rights to exclusive use, but did not mention the right of the owner of the overall copyright to sue. *See* 17 U.S.C. § 501(b).

Indeed, in providing for the right of *exclusive licensees* to sue, the drafters of the 1976 Act stated:

> *The principle of the divisibility of copyright ownership, established by section 201(d), carries with it the need in infringement actions to safeguard the rights of all copyright owners and to avoid a multiplicity of suits.* Subsection (b) of section 501 enables the owner of a particular right to bring

> an infringement action in that owner's name alone, while at the same time insuring to the extent possible that the other owners whose rights may be affected are notified and given a chance to join the action.

H.R.Rep. No. 94-1476 at 159, *reprinted in* 1976 U.S.C.C.A.N. 5659 at 5775 (emphasis added).[6]

Far from "suggest[ing] strongly that Congress intended to *limit* the class of persons who may sue for infringement," op. at 886 (emphasis added), the statement above in italics – and omitted from the Majority Opinion – demonstrates that Congress intended to *enlarge* the ability to bring suit to the owners of exclusive rights.[7]

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[6] *See also* Testimony of George D. Cary, Copyright Office, Copyright Law Revision Part 4: *reprinted in* George S. Grossman, *Omnibus Copyright Revision Legislative History,* Vol. 3 (2001) ("Committee Report") at 116 (stating that "[s]ubsection (b) provides for the institution of an action by "any owner of an exclusive right. *This section was so worded in an effort to take care of the problem of divisibility.*") (emphasis added). This statement was in reference to Section 35(b) of an earlier draft of the 1976 Act. Like the enacted Section 501(b), Section 35(b) provided that the "legal or beneficial owner" could bring suit. *See* Committee Report at 116-117.

[7] To the extent the statute purports to *limit* those persons able to bring suit, it limits the rights of *non-exclusive* licensees from bringing suit. This is consistent with the purpose of the 1976 Act. *See* Staff of Senate Comm. on the Judiciary, 86th Cong., Study No. 11: Divisibility of Copyrights, 71, Statement of Ralph S. Brown (Comm. Print 1960) ("[a]lleged infringers should probably be protected against multiple suits by nonexclusive licensees."); *See* Staff of Senate Comm. On the Judiciary, 86th Cong., Study No. 11: Divisibility of Copyrights, 71, Statement of Ernest S. Meyers (Comm. Print 1960) ("[t]he law should include a provision permitting an exclusive licensee to sue without joining his grantor; *Provided,* That such a provision is restricted to an exclusive license of enumerated rights.") (emphasis in original).

Read in context with provisions of the 1909 Act (to the extent the acts are not inconsistent), and contrary to the Majority's conclusion, the 1976 Act's Section 501(b) was an *enlargement* of infringement action rights. Henceforth, standing was not limited only to the "proprietor"[8] of the original copyright; a legal or beneficial owner of exclusive rights severed by assignment from the original copyright also had standing to sue for infringement. However, nothing in the 1976 Act eliminated the rights of copyright owners under Section 101 of the 1909 Act to their remedies, nor the right of property owners to enjoy the property rights granted by the statute, including the assignment and enforcement of accrued causes of action.

That, I believe, is the way – and the only way – to read Section 501(b).

II.

The Majority concludes that because the statute does not *expressly* grant standing to assignees of an accrued cause of action, such persons do not have standing. *See* op. at 885-86. Rather, the Majority reasons that, applying the maxim of statutory construction *expressio unius exclusio alterius est,* "Congress' explicit listing of who *may* sue for copyright infringement should be understood as an *exclusion of others* from suing for infringement." Op. at 885

[8] Note that the 1909 Act did not create a private right of action or give standing to the "proprietor" by any such language as did Section 501(b) of the 1976 Act. *See* 17 U.S.C. § 101(b) (1909). Rather, it enumerated the "remedies" which the "proprietor" had under the 1909 Act. As any other "proprietor" – a person owning property – it was implied he had a right to sue for damages to his property.

(emphasis in original). In my view, the Majority misapplies this maxim of statutory construction.

First, such maxims of statutory construction are to be used only when Congressional intent cannot be discerned. Indeed, we have noted:

> Most strongly put, the *expressio unius,* or *inclusiounius,* principle is that '[w]hen a statute limits a thing to be done in a particular mode, it includes a negative of any other mode.' This is a rule of interpretation, not a rule of law. The maxim is 'a product of logic and common sense,' properly applied only when it makes sense as a matter of legislative purpose. . . . [T]he *expressio unius* principle describes what we usually mean by a particular manner of expression, but does not prescribe how we must interpret a phrase once written. Understood as a descriptive generalization about language rather than a prescriptive rule of construction, the maxim usefully describes a common syntactical implication. 'My children are Jonathan, Rebecca and Seth' means 'none of my children are Samuel.' Sometimes there is no negative pregnant: 'get milk, bread, peanut butter and eggs at the grocery' probably does not mean 'do not get ice cream.'"

Longview Fibre Co. v. Rasmussen, 980 F.2d 1307, 1313 (9th Cir.1992) (internal citations omitted). *See also Nat'l R.R. Passenger Corp. v. Nat'l Ass'n of R.R. Passengers,* 414 U.S. 453, 458, 94 S.Ct. 690, 38 L.Ed.2d 646 (1974) ("This principle of statutory construction reflects an ancient maxim – *expressio unius est exclusion alterius* . . . But even the most basic general principles of statutory construction must yield to clear contrary evidence of legislative intent."). Here, Congressional intent is readily discernible,

and, as demonstrated above, contrary to the Majority's application of the maxim.

Second, commentators have noted that the use of maxims of statutory construction such as "*expressio unius*" are problematic insofar as there is no hierarchy of maxims of statutory interpretation. Why choose *expressio unius* rather than another maxim, indeed, the exact opposite: that listing some cases may include others? (*see* fn. 9, *infra*). In his recent book, *A Matter of Interpretation,* Justice Scalia wrote, "[t]he hard truth of the matter is that American courts have no intelligible, generally accepted, and consistently applied theory of statutory interpretation."[9] Antonin Scalia, *A Matter of Interpretation,* 14 (1997) (quoting Henry M. Hart, Jr. & Albert M. Sacks, *The Legal Process* 1169 (William N. Eskridge, Jr. & Philip P. Frickey eds., 1994)).

Third, while maxims of statutory construction may, indeed, be *helpful* in interpreting statutes, they are not *binding.* The Founders, including Alexander Hamilton, recognized as much. *See* Alexander Hamilton, *The Federalist Papers,* No. 83 at 464 (Clinton Rossiter ed., 1961) ("The rules of legal interpretation are rules of common sense,

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[9] *See* Stephen J. Safranek, *Scalia's Lament,* 8 TEX. REV. L. & POL. 315, 316 (Spring 2004) (noting the lack of hierarchy among maxims of statutory interpretation; "in the cases where judges apply interpretive aids, the aids are often used in isolation and are not necessarily the controlling method by which the statute is interpreted."); *see also* Karl N. Llewellyn, *Remarks on the Theory of Appellate Decision and The Rules or Canons About How Statutes Are to Be Construed,* 3 VAND. L. REV. 395, 405 (1949-1950) (noting that "there are two opposing canons on almost every point"; and noting that the opposing canon for the *expressio unius exclusio alterius est* is "[t]he language may fairly comprehend many different cases where some only are expressly mentioned by way of example").

adopted by the courts in the construction of laws. The true test of a just application of them is its conformity with the source from which they are derived.").

Hence, rather than be guided by a Latin maxim nowhere mentioned by the 1976 Act or our jurisprudence as hierarchically preferable to other means of statutory interpretation, we should be guided by plain legislative intent, which, as our Supreme Court reminds us, trumps the ancient Latin maxim underpinning the Majority Opinion's conclusion. *See Nat'l R.R. Passenger Corp.*, 414 U.S. at 459, 94 S.Ct. 690.

Indeed, it should be noted that where Congress chooses to expressly prohibit assignment, it knows how to do so explicitly. *See, e.g.*, Federal Anti-Assignment Act of 1862, 41 U.S.C. § 15 (expressly prohibiting public contract claims against the U.S. government from being assigned); Federal Assignment of Claims Act of 1940, 31 U.S.C. § 3727 (expressly prohibiting assignment of federal claims against the U.S. government from being assigned); Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1056 (expressly prohibiting the assignment of pension benefits). Here, that Congress did not prohibit assignment of infringement claims may well carry a negative pregnant that it intended *not* to prohibit assignment.

A second consideration in statutory interpretation is practicality, or put another way, the avoidance of an absurd result. *See Royal Foods Co., Inc. v. RJR Holdings Inc.*, 252 F.3d 1102 (9th Cir.2001) (courts will not interpret a statute in a way that results in an absurd or unreasonable result). Here, were the statute to be read literally, it would result in absurd or unreasonable results.

It has long been recognized that assignment of the copyright does not automatically include assignment of accrued causes of action for earlier infringements of the copyright. *See Prather,* 410 F.2d at 700 ("'a mere assignment of a copyright does not itself transfer to the assignee any cause of action for infringements that occurred prior to the assignment. Unless the assignment of copyright contains language explicitly transferring causes of action for prior infringements, the assignee cannot maintain a suit for infringements which happened before the effective date of the assignment.'") (internal citations omitted). *See also DeSilva Construction Corp. v. Herrald,* 213 F.Supp. 184, 192 (M.D.Fla.1962) (holding that the assignment of copyright under 1909 Act does not include the right to sue for "infringements antedating the assignment" and since the assignment as written failed to contain such a grant, "no such right is conferred by the assignment").

The recognition that the right to an accrued cause of action did not (in the absence of an express contractual assignment of such rights) automatically follow the assignment of the copyright is necessarily a recognition that the two rights should be capable of being separate assets. As separate assets, like any other property right, the two rights can be separately alienated. That much was squarely decided in *Prather, supra.*

Similar to the 1909 Act, courts have interpreted the 1976 Act to mean that an assignment of a copyright does not automatically carry with it accrued claims unless such claims are specifically named in the contract of assignment. For example, in *Infodek, Inc. v. Meredith-Webb Printing Co., Inc.,* 830 F.Supp. 614 (N.D.Ga.1993), in interpreting the 1976 Act, the court held "the case law clearly states that a transfer of interest for accrued damages must be stated in

no uncertain terms. It follows that the transfer of interest to past infringements did not pass from [assignor] to [plaintiff assignee] in the first assignment despite the alleged intent to transfer any and all accrued damages." *Infodek,* 830 F.Supp. at 620 (citing *Prather,* 410 F.2d at 700).

The recognition under both the 1909 and 1976 Acts that an accrued cause of action for copyright infringement is an asset separate from the copyright or the exclusive uses of the copyright saves 501(b) from some absurd results.

Read as the Majority does, Section 501 of the 1976 Act converts a claim for relief for infringement into a life estate, by providing a cause of action for copyright infringement but only for the person who owned the exclusive right *at the time of the infringement.* The statute would preclude an assignee of the copyright and accrued causes of action from suing on an accrued cause of action – which infringement, by definition was not "committed while he or she was the owner of it."

The following result would obtain: if a copyright owner instituted suit for copyright infringement ("while he was the owner"), and then assigned the copyright after instituting such suit, the assignee of the copyright *and* the accrued cause of action could not *maintain* such suit, for the assignee was not the owner when the infringement occurred. In addition, the text would have to be read such that when the "he" or "she" who owned the exclusive right at the time of the infringement of the copyright dies, "his" or "her" heirs cannot institute the infringement action, for the same reason.

Luckily, Section 501(b) has not been so interpreted. *See* 17 U.S.C. § 501(b). Rather, the section has been interpreted to *allow* the post-1976 assignee of the accrued cause of action to *maintain* the suit for accrued causes of action. Indeed, courts have recognized that assignees of a copyright may maintain an action instituted by the previous owner during which such previous ownership the infringement claim arose. *See, e.g., ABKCO Music, Inc. v. Harrisongs Music, Ltd.,* 944 F.2d 971 (2d Cir.1991) (allowing plaintiff to bring suit for copyright infringement that had occurred prior to plaintiff's owning any copyright interest where plaintiff was assigned the right to accrued causes of action); *see also* 17 U.S.C. § 201(d)(2) (1976) ("[t]he owner of any particular exclusive right is entitled, to the extent of that right, to all the protection and remedies accorded to the copyright-owner.").

Accordingly, if individuals can bring suit on an accrued infringement claim that did not accrue while he or she was the owner, there is no reason the accrued cause of action cannot be assigned here.

Other fundamental principles lead to the conclusion that Congress did not intend to preclude owners of a bare assignment of accrued causes of action from having standing to bring suit.

First, it is well-established that contract rights are assignable at common law. *See Restatement (Second) Contracts* § 317(2)(b) (1979) (contract rights assignable unless the assignment is "forbidden by statute"). *See also TransWorld Airlines, Inc. v. American Coupon Exchange,* 913 F.2d 676, 685 (9th Cir.1990) (noting that "the presumption is in favor of assignment [of contract]"). Here, the assignment of an accrued cause of action for copyright

infringement to an assignee is nothing more than "simple assignment of a chose in action." *See Prather,* 410 F.2d at 699-700.

As a general matter, common law rights existing prior to the enactment of a statute remain in vigor unless *expressly abrogated* by statute. "[S]tatutes which invade the common law . . . are to be read with a presumption favoring the retention of long-established and familiar principles, except when a statutory purpose to the contrary is evident." *United States v. Texas,* 507 U.S. 529, 534, 113 S.Ct. 1631, 123 L.Ed.2d 245 (1993) (holding that states remain subject to common-law prejudgment interest liability where the federal debt collection legislation did not directly speak to the common law right of the federal government to collect prejudgment interest on debts owed to it by the states) (internal quotation marks and citation omitted). Indeed, the Supreme Court recognized that "in such cases, Congress does not write upon a clean slate." *Id.* Rather, "to abrogate a common-law principle, the statute must 'speak directly' to the question addressed by the common law." *Id.* (internal quotation marks and citation omitted).

That is, courts will not construe a statute "in derogation of common law" unless there is express Congressional intent:

> The courts have consistently held legislation derogative of the common law accountable to an exactness of expression, and have not allowed the effects of such legislation to be extended beyond the necessary and unavoidable meaning of its terms. The presumption runs against such innovation.

Scharfeld v. Richardson, 133 F.2d 340, 341 (D.C.Cir.1942). *See also In re Chateaugay Corp.*, 94 F.3d 772, 779 (2d Cir.1996) ("there is nothing, either in the language of the statute or in its legislative history, that would lead us to believe that Congress meant the statute to abrogate common law rights of setoff against refunds. . . ."); *Attorney General of Canada v. R.J. Reynolds Tobacco Holdings, Inc.*, 268 F.3d 103, 128 (2d Cir.2001) (construing civil RICO statute to preserve the common-law doctrine known as the "revenue rule," which prohibits one sovereign from enforcing tax judgments or claims of another sovereign, "absent clear evidence of congressional intent to abrogate it.").

In the case at bar, there is nothing in the 1976 Act which expressly *forbids* the assignment of the basic contract right at issue here.

Accordingly, the Majority errs in reasoning that copyright "is a creature of statute, and the only rights that exist under copyright law are those granted by statute." Op. at 883-84. *See also* op. at 885. ("Copyright is a creature of statute, so we will not lightly insert common law principles that Congress has left out."). This conclusion is in tension with the principle that common law rights will be deemed to be retained except where there is statutory language and purpose to the contrary. This principle militates in favor of the court's retention of the common law right to assignment of contract. Accordingly, the Majority's reluctance to "insert common law principles" is

unfounded here and it errs in abrogating the right to assign contract rights.[10]

Second, courts have interpreted other federal statutes which expressly confer standing on certain persons also to grant standing to assignees of the rights. For example, courts have held that assignees of antitrust claims that accrue under the Clayton Antitrust Act, 15 U.S.C. § 15, have standing to sue for antitrust violations. The act provides that "any person who shall be injured" can sue and yet courts have interpreted the statute to confer standing on assignees of antitrust claims. *See, e.g., Gulfstream III Associates, Inc. v. Gulfstream Aerospace Corp.,* 995 F.2d 425, 438-40 (3d Cir.1993) (Though the Clayton Antitrust Act, 15 U.S.C. § 15, provides that "any person who shall be injured" can sue, antitrust claims are assignable).

Other federal statutes have been similarly interpreted. *See, e.g., Lerman v. Joyce Int'l, Inc.,* 10 F.3d 106, 112-113 (3d Cir.1993) (RICO statute provides that "any person injured in his business or property" may sue; court held that RICO claims are assignable); *see also Misic v. The Building Service Employees Health and Welfare Trust,* 789 F.2d 1374, 1377-78 (9th Cir.1986) (per curiam) (ERISA statute, 29 U.S.C. § 1056(d), prohibited the assignment of pension benefits, but did not expressly prohibit the assignment of health and welfare benefits; though the statute, 29 U.S.C. § 1132(a), provides that: "A civil action

[10] Although the court in *Crown Die* does not apply the baseline principle that common law rights survive unless expressly abrogated by statute, it does so on the ground that there was express legislative intent that there be no assignment. Here, the legislative history cuts the other way. *See* discussion of *Crown Die, infra.*

may be brought by *a participant or beneficiary* . . . to recover benefits due to him under the terms of his plan," (emphasis added), health and welfare claims are assignable).

III.

Next, the Majority argues that the case law that has developed in the area of patent law is analogous here. With respect, it is not. In particular, the Majority asserts that the U.S. Supreme Court's 1923 decision in *Crown Die & Tool Co. v. Nye Tool & Machine Works,* 261 U.S. 24, 43 S.Ct. 254, 67 L.Ed. 516 (1923) (per Taft, C.J.), dealing with the question of whether an accrued cause of action for patent infringement, is analogous and, indeed, controls here. I respectfully disagree.

In *Crown Die,* inventors Wright & Hubbard invented a machine for forming a screw-thread cutting device. *Id.* at 25, 43 S.Ct. 254. Wright & Hubbard assigned the patent to the Reed Manufacturing Company ("Reed"). *Id.* Thereafter, Nye Tool & Machine Works ("Nye Tool"), first obtained from Reed "all claims recoverable in law or in equity, whether for damages, profits, savings, or any other kind or description which the Reed Manufacturing Company has against the Crown Die & Tool Company arising out of the infringement by the Crown Die & Tool Company." *Id.* at 26, 43 S.Ct. 254. Nye Tool then brought suit to prevent Crown Die & Tool Company ("Crown Die"), a tool company and competitor, from using the screw-thread cutting device. *Id.* at 24, 43 S.Ct. 254. While not stated in the opinion, it stands to reason that plaintiff Nye Tool brought suit under the Patent Act of 1874, which provided that a

"patentee, assignee, or grantee" could bring suit for patent infringement.[11]

Crown Die moved to dismiss the complaint on the grounds that Nye Tool did not have standing to bring suit, for Reed owned the patent and had only granted Nye Tool a portion of its rights thereunder. *Id.* at 27, 43 S.Ct. 254. The court of appeals reversed the district court's order granting defendant's motion to dismiss and the U.S. Supreme Court reversed the court of appeals. *Id.* at 36, 43 S.Ct. 254. In reversing the court of appeals and affirming the district court's dismissal of the complaint, Chief Justice Taft reasoned that the common law doctrine of assignment of a cause of action does not apply to patent law because patent law is a creation of statute. *Id.* More specifically, Chief Justice Taft reasoned that the patent right was "created by the act of Congress; and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes." *Id.* at 40, 43 S.Ct. 254 (quoting *Gayler v. Wilder,* 51 U.S. 477, 494, 10 How. 477, 13 L.Ed. 504 (1850)).

In so holding, the court reasoned that there was no legislative intent to permit splitting of the claim from the

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[11] The first Patent Act was passed in 1793. *See Diamond v. Chakrabarty,* 447 U.S. 303, 308-09, 100 S.Ct. 2204, 65 L.Ed.2d 144 (1980). Later patent acts were passed in 1836 (5 Stat. 117), 1870 (16 Stat. 198), 1874 (18 Stat. 78) and 1952. *Id.* Presumably, therefore, litigation commenced in or around 1923 would have been brought under the Patent Act of 1874. That Act provided, in pertinent part: "[d]amages for the infringement of any patent may be recovered by action on the case, in the name of the party interested, either as patentee, assignee, or grantee." Patent Act of 1874, 18 Stat. 78, Section 4919. *Accord,* Patent Act of 1952, 35 U.S.C. 281 ("A patentee shall have remedy by civil action for infringement of his patent.").

underlying right because to do so would result in an aftermarket in patent claims.[12] The court reasoned that:

> *[I]t was obviously not the intention of the Legislature to permit several monopolies to be made out of* one, and divided among different persons within the *same limits.* Such a division would inevitably lead to fraudulent impositions upon persons who desired to purchase the use of the improvement, and would subject a party who, under a mistake as to his rights, used the invention without authority, to be harassed by a multiplicity of suits instead of one, and to successive recoveries of damages by different persons in the same place.

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[12] Indeed, Amicus Curiae in this case, Motion Picture Association of America, Inc., argues this precise point. In its brief, it argues: Should an assignee of nothing more than a naked infringement cause of action have standing to sue, the number of copyright infringement lawsuits could increase markedly . . . one can envision a market developing in which speculators with no relationship to the copyrighted work pay a small sum to the copyright owner – who might have no belief in the merits of an infringement claim and no incentive to sue – in exchange for the ability to pursue a high volume of nuisance settlements or unwarranted jury verdicts.

Brief of Amicus Curiae Motion Picture Ass'n of America, Inc. at 4 (emphasis added).

Amicus leaves a faint whiff of nostalgia for the restrictions of the Age of Guilds. Imagine what mischief would ensue if cafes across the street from the Burbank studios were to be trolled by risk-seeking men clutching cash. Why, the next thing that would happen would be to allow something similar to what did happen in London: non-ship owners being paid to take the risks of shipwreck, and, by subrogation, gaining the right to sue negligent captains and owners, all of this mendacious money-grubbing taking place at Lloyd's Coffee House!

Id. at 38, 43 S.Ct. 254 (quoting *Gayler v. Wilder,* 51 U.S. 477, 494, 10 How. 477, 13 L.Ed. 504 (1850)) (internal quotation marks omitted) (emphasis added).

First, in contrast to the Chief Justice's 1923 reading of an 1874 Patent Law, it clearly *was* the intent of the 1976 Legislature to "permit several monopolies to be made of one," insofar as the six individual and separate uses of a single copyright (Section 201(d)) could not only be "divided among different persons," but subdivided infinitely. *See* 17 U.S.C. § 201(d).

Second, avoidance of fraud upon purchasers of "several" copyright uses was to be avoided by regulation: copyright registration. *See* 1909 Act, Section 12 (1909) ("no action or proceeding shall be maintained for infringement of copyright in any work until the provisions of this Act with respect to the deposit of copies and registration of such work shall have been complied with").[13] *Accord,* 17 U.S.C. § 411(a) (1976) ("[n]o action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title.").

Third, the concern of multiplicity of suits[14] because of several owners of copyright uses seems expressly overcome

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[13] *See also* 17 U.S.C. § 30 (1952) ("[e]very assignment of copyright shall be recorded in the copyright office"); 17 U.S.C. § 205 (1976) ("any transfer of copyright ownership or other document pertaining to a copyright may be recorded in the Copyright Office.").

[14] This has never been made very clear. Why should an alleged patent infringer not be protected against all five partners who owned a patent, if he had a defense judgment of no infringement in an action brought by one of them?

by allowing suit by the owner of "an" (not "all") exclusive right (§ 501(b)) to bring suit.

Moreover, while the notion of severability of the incidents of ownership of property was in its infancy in 1923 at the time *Crown Die* was decided, such is not the case today. Indeed, the underlying premise upon which the Majority relies is that there should not be an aftermarket in causes of action for copyright infringement. Given the growth of an aftermarket in derivative rights such as puts, calls and credit insurance against bankruptcy risks on corporate debt, the notion that an aftermarket in accrued causes of action for copyright infringement is to be prohibited is at best passe and at worst an unwarranted restraint on alienation. *See Bank of America, N.A. v. Moglia,* 330 F.3d 942, 947 (7th Cir.2003) (Posner, J.) ("restraint[s] on alienation are traditionally disfavored."). Indeed, such limitations, on those able to bring suit, harken back to the Tudor Kings of England who limited inheritance to primogeniture and descent by fee tail.

Here, the market will account for the fact that a copyright holder is selling accrued causes of action and not the underlying copyright. To be sure, prices will fluctuate depending on whether the copyright itself is included.

Finally, while courts have recognized that "[w]here precedent in copyright cases is lacking, it is appropriate to look for guidance to patent law 'because of the historic kinship between patent law and copyright law,'" (*see* op. at 887) (internal citation omitted), courts have also recognized that "[these] two areas of the law, naturally, are not identical twins, and we exercise the caution which we have expressed in the past in applying doctrine formulated in one area to the other." *Sony Corp. of America v. Universal*

City Studios, Inc., 464 U.S. 417, 439 n. 19, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984). *See also Mazer v. Stein*, 347 U.S. 201, 217-218, 74 S.Ct. 460, 98 L.Ed. 630 (1954) (declining to apply patent law to copyright law due to differences in bodies of law). For these reasons, *Crown Die* does not compel a contrary result here.[15]

IV.

Unlike circumstances in which the proliferation of lawsuits has been restrained on the basis of public policy, such as the prohibition on assignment of personal injury claims in tort, here there is no reason to prevent the assignment of a copyright claim. Indeed, the court in *Prather* expressly held there was no such public policy. *See Prather*, 410 F.2d at 700 ("[t]here is no public policy against such assignments.").

Courts have upheld restrictions on the assignment of claims where such assignment has been deemed to be in violation of public policy. This anti-assignment policy was rooted in the common law prohibition on champerty.[16] *See, e.g., United Food & Commercial Workers & Employers Arizona Health & Welfare Trust v. Pacyga*, 801 F.2d 1157, 1159 (9th Cir.1986) (noting that assignment of personal

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[15] Similarly, the Majority's reliance on *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1381 (Fed.Cir.2000) is misplaced. *See* op. at 888. That case does not involve the standing of an assignee of an accrued cause of action under patent law. Rather, the Federal Circuit held that *non-exclusive* licensees of patent right did not have standing to sue. The case is therefore inapposite.

[16] Champerty is defined as "[a]n agreement between an officious intermeddler in a lawsuit and a litigant by which the intermeddler helps pursue the litigant's claim as consideration for receiving part of any judgment." *Black's Law Dictionary* (8th Ed.2004) at 246.

injury claims is prohibited by common law in Arizona); *See also DeSenne v. Jamestown Boat Yard, Inc.*, 968 F.2d 1388, 1390 (1st Cir.1992) (noting that anti-assignment of personal injury claims rooted in prohibition on champerty).

Similarly, courts have held that legal malpractice claims are not assignable for public policy reasons. *See, e.g., Forgione v. Dennis Pirtle Agency, Inc.*, 93 F.3d 758, 760 (11th Cir.1996) ("[a] majority of jurisdictions prohibit the assignment of [legal malpractice] actions because the personal nature of legal services which involve highly confidential relationships") (internal quotation and citation omitted). Moreover, courts have upheld restrictions on in-person attorney solicitation, enacted to prevent the public's perception of attorneys from falling in further disrepute, as rooted in the common law doctrine of barratry.[17] *See Florida Bar v. Went For It, Inc.*, 515 U.S. 618, 626, 115 S.Ct. 2371, 132 L.Ed.2d 541 (1995). *See also Bailey v. Morales*, 190 F.3d 320, 323 (5th Cir.1999) (legal profession barred from soliciting under ancient doctrine prohibiting barratry).

In addition, courts have upheld restrictions on assignment of certain federal claims where assignment of such claims would result in nuisance suits. For example, in *Smith v. Ayres*, 977 F.2d 946, 950 (5th Cir.1992), the plaintiff shareholder brought suit under section 10(b) of the Securities Exchange Act of 1934, which provides that "purchasers or sellers" of securities may bring suit. The

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[17] The common law prohibited barratry, which was defined as "the offence of frequently exciting and stirring up quarrels and suits" because such litigation was for the benefit of the promoter rather than for the benefit of the real party in interest. *Vitaphone Corp. v. Hutchinson Amusement Co.*, 28 F.Supp. 526, 530 (D.Mass.1939).

plaintiff had been granted an express assignment of the claim. The defendant moved to dismiss on the ground that plaintiff lacked standing and the district court granted the motion. The Fifth Circuit affirmed, concluding that such a result was warranted by (1) the fact that "Congress was concerned with blackmail, nuisance, and strike suits, and drafted the act to circumscribe the class of plaintiffs who may sue under the Act for the very purpose of eliminating such suits" and (2) "the evidentiary problems inherent in allowing a non-purchaser or non-seller to bring a Rule 10b-5 action." *Id.* at 950 (internal citations omitted).

None of such policy concerns underlie the Majority's opinion. Nor indeed is there a reasoned policy consideration given for prohibiting suit upon an accrued cause of action for infringement.[18]

V.

In reaching its conclusion, the Majority argues that this circuit should follow the Second Circuit's decision in *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.*, 697 F.2d 27 (2d Cir.1982) to avoid the creation of a circuit split. *See* op. at 889-90. In my view, *Eden Toys* is inapposite. To avoid the creation of a circuit split, this circuit should rather follow the rationale of *Prather*.

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[18] As noted above, (*see* fn. 7), there *is* a public policy rationale for limiting standing to holders of *exclusive* licensees and prohibiting *non-exclusive* licensees from suing. That rationale, however, is absent here.

A. *Prather v. Neva Paperbacks, Inc.*

In *Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698 (1969), the Fifth Circuit squarely held that an assignee of an accrued cause of action is a proper party to bring suit for copyright infringement. In my view, this case provides persuasive authority that this circuit should follow.

Plaintiff Prather ("Prather") was the author of several books. Prather held the copyright on one of the books and the copyright to the remaining books was held by Prather's publisher, Fawcett Publications. Prather discovered that the copyright on one of the books (the rights to which were owned by Fawcett) had been infringed by book publisher Neva Paperbacks, Inc. ("Neva"). After discovering the infringement, Prather obtained some of the copyright rights and an assignment of all present, past and future causes of action.[19] Significantly, however, Fawcett "simultaneously" with assigning the copyright to Prather, retained an exclusive license to the English language rights for books throughout the world. *Id.* at 699 n. 1.

Prather brought suit against Neva for copyright infringement. Neva moved to dismiss, arguing that plaintiff Prather did not have standing to bring suit because Prather was not the "proprietor" of the copyright as required under the 1909 Act. *See* 17 U.S.C. § 101(a) (1952). Rather, Neva argued that because the copyright rights had been "split," Prather was a mere "licensee" and not the sole "proprietor" under Section 101.

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[19] Prather was assigned "all . . . right, title and interest in and to the copyright" and was further assigned "any and all causes of action that may have heretofore accrued in [the holder's] favor for infringement of said copyright." *Id.* at 699 n. 1.

The Fifth Circuit affirmed the trial court's denial of the defendant's motion to dismiss and held that Prather did, in fact, have standing to sue. In so holding, the Fifth Circuit reasoned that the assignment was simply a "simple assignment of a chose in action" – a contract – that contained express language of assignment. *See Prather,* 410 F.2d at 699-700. The court concluded:

> As an assignee of the causes of action for infringement damages past, present and future, Prather has the right to maintain the action under 17 U.S.C.A. [§] § 101 *et seq.* For infringement. There is no public policy against such assignments and under F[ED].R.CIV.P. 17 such assignee of all choses in action for infringement, *whether a 'proprietor' or not,* has standing to sue and the court has effective power to avoid altogether the risk of double suit or double recovery.

Id. at 700 (emphasis added).

Under *Prather,* then, courts will not require plaintiff to hold ownership of one or more of the exclusive rights of a copyright owner to have standing.

The Majority states that *Prather* is "unhelpful" authority for two reasons: (1) it was decided under the 1909 Act, and not the 1976 Act; and (2) "the assignment in *Prather* involved both accrued causes of action *and* some of what we now call exclusive rights." Op. at 889 (emphasis in original). The Majority argues "the *Prather* court was not faced, as we are, with a situation in which the owner of all the exclusive rights and the owner of the accrued causes of action are two different people." Op. at 889. Neither distinction is persuasive.

First, the Majority's attempt to distinguish *Prather* as predicated on the 1909 Act is unpersuasive, given that courts have recognized that "[i]n enacting § 501(b)'s standing provision, Congress 'merely codified the case law that had developed [under the 1909 Act] with respect to the beneficial owner's standing to sue.'"[20] *Moran v. London Records, Ltd.,* 827 F.2d 180, 183 (7th Cir.1987) (internal citation omitted). *See also Gardner,* 279 F.3d at 778 (9th Cir.2002) (holding that a sublicensee of a copyright lacked standing to sue under the 1976 Act on the ground that the pre-1976 law so prohibited).[21] *Accord,* H.R. 94-1476 at 47, *reprinted in* 1976 U.S.C.C.A.N. 5659, 5660 ("[t]he present copyright law, title 17 of the United States Code, is basically the same as the act of 1909.").

Second, that Prather owned rights to the books (other than the English language rights), Neva argued, made Prather a *licensee* of book rights – *not* the *owner* of what

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[20] Indeed, Congress relied upon this principle in drafting another section, Section 201(a). *See* 17 U.S.C. § 201(a) ("[c]opyright in a work protected under this title vests initially in the author or authors of the work."). Regarding the provision, Congress stated: "There is [] no need for a specific statutory provision concerning the rights and duties of the co-owners of a work; court made law on this point is left undisturbed." H.R.Rep. No. 94-1476 at 121, *reprinted in* 1976 U.S.C.C.A.N. 5659 at 5737.

[21] In *Gardner,* the court concluded:

> Although neither party's plain language arguments is dispositive, the fact that Congress chose not to explicitly address this issue in the 1976 Act and the limiting 'protection and remedies' language of § 201(d)(2) indicates that the state of the law remains unchanged. Thus, we hold that the 1976 Act does not allow a copyright licensee to transfer its rights under an exclusive license, without the consent of the original licensor.

Id. at 780.

we would now call "exclusive rights." An assignee could not be the *owner* of book rights because the "exclusive right" to republish could not be split away from the copyright under the 1909 Act; that is precisely what the 1976 Act changed. Licensees did not have standing to bring suit under the 1909 Act. Therefore, Prather, as a (mere) licensee, could not have had standing to sue *but for* his standing as the assignee of an "accrued cause of action for infringement." *See, e.g., Gardner,* 279 F.3d at 778 ("only the copyright *proprietor* (which would include an *assignee* but *not* a *licensee*) had standing to bring an infringement action.").

Moreover, the assignment to Prather of "some rights" did not *help* Prather establish his right to sue; just the opposite. The fact that he got "some" but not "all" rights of copyright was used by the *defendants* to undermine his standing and was in no sense a grounds used by the *Prather* court to validate the assignment. Indeed, the court rejected this argument and refused to get into the "metaphysical dialectic" of the "button game" of determining who had the copyright. *Prather,* 410 F.2d at 699.

In my view, to interpret *Prather* as holding that an assignee of an accrued cause of action was required to be an assignee of some rights under the copyright would be a profound misreading of the case. Rather than essential to establish standing, having (only) some rights made out what defendant Neva urged as an affirmative defense.

B. *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.*

By contrast, the Second Circuit's decision in *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.*, 697 F.2d 27

(2d Cir.1982) involves a different factual situation and thus is entitled to little weight here.

In *Eden Toys,* Paddington Bear & Company, Ltd. ("Paddington Bear") held the copyright to children's books which featured the fictional character Paddington Bear. *Id.* at 29. In 1975, Paddington Bear entered into an agreement with Eden Toys, Inc. ("Eden Toys"), an American corporation, whereby Eden Toys was granted an exclusive license to use licensor Paddington Bear's copyright and characters in North America. *Id.* In 1980, that agreement was amended to grant Eden Toys exclusive North American rights to all Paddington products except books, tapes, records, stage plays, motion pictures, radio and television productions. *Id.* at 30. Under the agreement, Paddington Bear retained the right to sue for copyright infringement on Eden Toys' license. *Id.* In particular, the agreement allowed Paddington Bear to sue, or choose not to, but let Eden Toys bring suits on Paddington's behalf.[22] *Id.* at 30 n. 2.

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[22] The Eden Toys-Paddington Agreement provided, in pertinent part:

> (a) In the event that Eden or its licensees shall be exposed to competition, direct or indirect, from infringers of the copyright or trademark rights which are licensed hereunder . . . Paddington shall, at its option, take all necessary legal action to enjoin such infringement and protect Eden and its licensees.
>
> (b) In the event such infringement and Paddington's election to take no legal action . . . Eden shall have the right, at its option: (i) to institute appropriate legal action against the infringer. . . .

Eden Toys, 697 F.2d at 30 n. 2.

Eden Toys brought suit against Florelee Undergarment Co. ("Florelee"), alleging copyright infringement, and seeking to enjoin Florelee's use of the Paddington Bear image. *Id.* at 31. Florelee moved to dismiss the complaint on the ground that Eden Toys lacked standing to sue under 17 U.S.C. § 501(b) (1976). *Id.* The Second Circuit affirmed the district court's dismissal of the claim, holding that "[the court] do[es] not believe that the Copyright Act permits holders of rights under copyrights to choose third parties to bring suits on their behalf." *Id.* at 32 n. 3.

The Majority contends that the court in *Eden Toys* "made plain the basic principle, which we also have derived from § 501(b) and its context and history, that only the owner of an exclusive right under the copyright is entitled to sue for infringement." Op. at 889.

I respectfully disagree. In my view, the holding of *Eden Toys* is far more narrow. The court in *Eden Toys* held that a copyright holder who maintains ownership of the exclusive right to reproduce cannot assign to a third party the bare right to sue *should the copyright holder choose not to do so.* It does not hold that a copyright holder may not assign the accrued cause of action, on which a new owner can sue.

Indeed, the specific contractual agreement between Eden Toys and Paddington Bear did not (as it does here) assign *all* rights to *any* claims, but merely assigned the right to sue where Eden Toys or its licensees was "exposed to competition, direct or indirect, from infringers of the copyright or trademark rights which are licensed hereunder." *Id.* at 30 n. 2. There was no assignment to Eden Toys of pre-existing accrued causes of action. Accordingly, there was no real "assignment" of any accrued cause of

action. Rather, the Eden-Paddington Bear agreement was interpreted as an agreement merely designating Eden as the agent for purposes of suit. Thus, *Eden Toys* merely holds that the proper party plaintiff, the "real party in interest," is the owner of the cause of action for infringement, not some hand-picked stand-in.

C. *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*

Finally, I respectfully disagree with the Majority's reading of the Second Circuit's decision in *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971 (2d Cir.1990). Far from "reaffirm[ing] the principle of *Eden Toys* that a party that has no ownership interest has no standing to sue," as the Majority asserts (op. at 889-90), in my view, the decision clearly holds that copyright ownership is *not* the *sine qua non* of standing, but that assignees of accrued causes of action may sue for copyright infringement.

In 1971, Bright Tunes Music Corporation, which owned the copyright to a song entitled "He's So Fine," sued musician (and Beatles band member) George Harrison and Harrisongs Music claiming that Harrison's tune "My Sweet Lord" infringed Bright Tunes' copyright. The trial court agreed and ruled in favor of Bright Tunes, but reserved judgment on the issue of damages. *Id.* at 975.

In 1971, at the time Bright Tunes sued Harrison, ABKCO Music, Inc. and its president served as business manager for the Beatles. *Id.* at 975. In 1978, ABKCO purchased all of Bright Tunes' interest in "He's So Fine" including the copyright and "any and all rights assertable under copyright against the infringing composition ("My Sweet Lord") in any part of the world which may have heretofore arisen or which may arise hereafter." *Id.* at 980.

Accordingly, ABKCO was substituted as the sole party plaintiff in the action against Harrisongs Music. *Id.* at 975. However, Harrison had claims against ABKCO and its principal Klein which required ABKCO to convey the old Bright Tunes copyright to "He's So Fine" to Harrison on the payment of a sum.

On appeal, ABKCO claimed that if it conveyed the old Bright Tunes "He's So Fine" copyright to Harrison, it could not participate in the 1980 foreign settlements and it would lose its pre-1970 infringement claims.

As concerns us, the dispositive question was a determination of what rights were at issue in the 1980 foreign settlements: ABKCO's *possession* of the copyright to "He's So Fine" or merely its ownership of the infringement *claims*. The Second Circuit held it was merely the ownership of the infringement claims, and held that ABKCO's right to bring the claims derived from its ownership of the accrued infringement claims.

In so holding, the Second Circuit noted that although ABKCO now owned the copyright and the accrued infringement claims, it need not continue to own the copyright to enforce its accrued-in-1970 causes of action for copyright infringement arising from the 1980 settlement. The court reasoned:

> Hence, the claims had already accrued when ABKCO purchased all of Bright Tunes' rights in "He's So Fine." As a consequence, ABKCO's right to bring the claims arises not out of its ownership of the copyright, *but from its ownership of the claims themselves* which it purchased, along with the copyright, in 1978. We therefore conclude that ABKCO's ownership of the "He's So Fine" copyrights was not a necessary predicate to its

> participation in the 1980 settlements. ABKCO could participate in the 1980 settlements because it owned the infringement claims accrued in 1970, not because it owned the copyright. Thus, ABKCO's ownership of the copyright was not affected by the 1980 settlements, and ABKCO must surrender the copyright to the Harrison Interests upon proper payment.

Id. at 980-981 (emphasis added).

Thus, under the holding in *ABKCO,* ownership of the copyright is not a requirement for the enforcement of accrued claims assigned to the assignee (ABKCO) so long as the claims arose during the period when the assignor (Bright Tunes) was the owner of the copyright. Moreover, ABKCO could continue to assert such accrued copyright infringement claims even though it would be forced to give up the copyright.

According to the Majority, "[t]he Second Circuit [in *ABKCO*] made clear that its decision was limited to the situation in which the same entity purchased both the copyright and accrued claims; the only issue was one of timing, whether ownership of the copyright and occurrence of the infringement had to coincide." Op. at ___. I respectfully disagree. In *ABKCO,* ownership of both the copyright and the accrued causes of action was merely *coincident* – not *required* – for ABKCO to have standing to sue.

Indeed, ABKCO, like Silvers, did not own the copyright to "He's So Fine" when George Harrison and the Beatles plagiarized it into "My Sweet Lord." The copyright to "He's So Fine" was owned by Bright Tunes; the infringements took place before 1970.

In the case at bar, there is no dispute that Frank & Bob Films II owned the copyright when the alleged Sony infringement took place and that they, like Bright Tunes, assigned those accrued infringement claims to Silvers. Thus, like ABKCO, Silvers has standing to pursue those accrued infringement claims.

Accordingly, I respectfully disagree with the Majority: to avoid the creation of a circuit-split, op. at 889-90, this court should follow the Fifth Circuit's decision in *Prather,* rather than the Second Circuit's decision in *Eden Toys,* as the facts in *Eden Toys* are clearly distinguishable. In addition, in *ABKCO,* a more recent decision, the Second Circuit expressly held that ownership of both the copyright and the accrued causes of action is not necessary for the owner of those claims to bring suit.

VI.

For the foregoing reasons, I would affirm the district court's denial of Sony's motion to dismiss Silvers' complaint against Sony for the alleged infringement of the copyright of her script, "The Other Woman." I respectfully dissent.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

NANCY SILVERS, Plaintiff, v. SONY PICTURES ENTERTAINMENT, INC., et al., Defendants.	CV 00-6386 SVW (RCx) ORDER GRANTING IN PART AND DENYING IN PART DEFENDANT'S MOTION TO DISMISS (Filed Jan. 25, 2001)

I. Introduction

Plaintiff Nancy Silvers asserts claims of copyright infringement and unfair competition. Defendant Sony Pictures Entertainment ("Sony") moves to dismiss the copyright claim on the ground that Plaintiff lacks standing. Sony also moves to dismiss the unfair competition claim as preempted. For the reasons stated below, the Court grants in part and denies in part Defendant's motion.

II. Discussion

A. Plaintiff has Standing to Bring a Copyright Claim

The essence of Plaintiff's complaint is that Defendants' motion picture "Stepmom" infringed the copyright of the television movie "The Other Woman," which Plaintiff wrote on a work-for-hire basis for the production company Frank & Bob Films II ("Frank & Bob"). Defendant argues that Plaintiff lacks standing to sue because she is not the registered owner of the copyright. Plaintiff

responds that she does have standing to sue because the registered owner of the copyright, Frank & Bob, assigned to her the accrued cause of action.

Defendant's argument that Plaintiff lacks standing is based primarily on the plain language of the Copyright Act. The Act provides that the "legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for any infringement of that particular right committed while he or she is the owner of it." 17 U.S.C. § 501(b). Thus, Defendant notes, the "Copyright Act authorizes only two types of claimants to sue for copyright infringement: (1) owners of copyrights, and (2) persons who have been granted exclusive licenses by owners of copyrights." *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27 (2d Cir. 1982). Because Plaintiff is neither the owner of the copyright nor the holder of an exclusive license, Defendant concludes, she lacks standing to sue for copyright infringement.

Defendant cites numerous cases purportedly supporting the claim that an assignee of an accrued cause of action for copyright infringement does not have standing to sue. Only two of those cases, *Eden Toys*, 697 F.2d 27, and *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971 (2d Cir. 1991), truly speak to this issue.[1] In *Eden Toys*, the Second Circuit held: "We do not believe that the Copyright Act permits holders of rights under copyrights to choose third parties to bring suits on their behalf." 697 F.2d at 32 n.3. In *ABKCO Music*, the Second Circuit cited

[1] The remaining cases note that the Copyright Act *authorizes only the owner or exclusive licensee of a copyright* to sue, but they do not consider whether the owner or licensee may assign an accrued cause of action to a third party.

Eden Toys with approval, again holding that the Act "does not permit copyright holders to choose third parties to bring suits on their behalf." 944 F.2d at 980.

To support its claim of standing, Plaintiff relies principally on *Nimmer on Copyright*. *Nimmer* opines that "the assignee of an accrued infringement cause of action has standing to sue without the need to join his assignor, even if the latter retains ownership of all other rights under the copyright." Nimmer § 12.02[B]. In support of that proposition, the treatise cites *Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698 (5th Cir. 1969).

Prather appears to support Plaintiff's position. The Fifth Circuit seemed to suggest that a plaintiff could have standing to sue, even if the plaintiff were not a copyright holder or exclusive licensee, based simply on an assignment of an accrued cause of action. The court stated: "overlooked by all counsel is the effectiveness of an assignment of accrued causes of action for copyright infringement." 410 F.2d at 700. This statement is dictum, however, because the plaintiff in *Prather* was assigned both the accrued causes of action and the copyright rights. The Fifth Circuit's decision thus does not answer whether the assignment of the cause of action *alone* is sufficient to confer standing.[2]

---

[2] Two other district courts have cited *Prather* for the proposition that causes of action accrued prior to an assignment of a copyright can accompany the assignment and confer standing for those prior causes of action upon the assignee. See, *Infodek, Inc. v. Meredith-Webb Printing Company, Inc.*, 830 F. Supp. 614, 619 (N.D. Georgia 1993) ("unless the assignment of copyright contains language explicitly transferring causes of action for prior infringements, the assignee cannot maintain a suit for infringements [that] happened before the effective date of the

(Continued on following page)

That being said, the Court is nevertheless persuaded that Plaintiff has standing to pursue the copyright claim in this case. Various facts influence the Court's decision. First, the leading treatise on the subject, *Nimmer on Copyright*, a source frequently cited by the Supreme Court as authority on copyright law, rejects *Eden Toys* and opines that the assignment of an accrued cause of action is effective to confer standing on the assignee, even though the assignor retains all interests in the copyright.[3]

Second, the text of the Copyright Act is not inconsistent with the proposition that an assignee of an accrued cause of action for copyright infringement has standing to bring suit. The Act states that the owner or exclusive licensee may institute an action for infringement committed while he or she owns that interest. 17 U.S.C. § 501(b). Certainly, this provision precludes non-exclusive licensees and the like from bringing an action for copyright infringement. However, it is just not clear from § 501(b) whether Congress intended also to preclude the owner or exclusive licensee of a copyright from assigning an accrued cause of action for infringement to a third party.

Nor is Plaintiff's standing claim inconsistent with the policy behind § 501(b). The purpose of that provision, in the Court's opinion, is to prevent the duplicative litigation

---

assignment") and *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.*, 526 F. Supp. 1187, 1192 (1981) ("courts have allowed the contractual transfer of accrued causes of action to accompany the assignment of a copyright.")

[3] As noted in Defendant's reply, *Nimmer on Copyright* directs the reader to compare *Eden Toys* after concluding that a copyright holder may assign accrued causes of action. Def. Reply p. 5. It is clear, then, that the author was aware of and rejected the contrary Second Circuit authority.

and recovery that would result if anyone other than the exclusive copyright owner or licensee were permitted to bring an infringement action. But where the exclusive owner of a copyright assigns an accrued claim to one person, there is *no* risk of duplicative recovery.

The Court recognizes that policy concerns underlying the Copyright Act might militate against allowing a copyright holder to assign away *future* rights to sue for copyright infringement. Where the cause of action has already accrued, though, the claim is akin to a vested right, and the court sees no reason why a copyright holder, like any other property owner, would not have the ability to assign that right.

The Court is not persuaded by *ABKCO Music* and the other cases cited by Defendant. There is an internal inconsistency in those opinions that troubles this Court. In holding that a plaintiff who has merely been assigned an accrued cause of action for copyright infringement lacks standing, *ABKCO Music* relies on a literal reading of the Copyright Act. Section 501(b) provides: "The legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for infringement of that particular right committed while he or she is the owner of it." Because the mere assignee of the right to sue is not a copyright owner or exclusive licensee, the Second Circuit concluded, the assignee must lack standing under the Act. But *ABKCO Music* (as well as some of the other cases cited by Defendant) simultaneously recognizes a principle that is itself at odds with this literal reading of § 501(b). *ABKCO Music* holds that a copyright holder may assign to a third party both the copyright and any causes of action that have already accrued, and *the assignee will have standing to pursue those previously-accrued claims.* 944

P.2d at 980. But reading § 501(b) literally – as the Second Circuit does in concluding that the mere assignee of an accrued cause of action lacks standing – this cannot be. After all, the plain language of § 501(b) only authorizes the person who owns the copyright *at the time of infringement* to bring suit. 17 U.S.C. § 501(b) ("The legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for *infringement of that particular right committed while he or she is the owner of it.*") (emphasis added). Thus, a literal reading of § 501(b) would not permit the assignee of both the copyright and any accrued causes of action to bring suit on those previously-accrued claims because the assignee did not own the copyright at the time of infringement.

In short, the Court can find no reason that Plaintiff, as an assignee of an accrued cause of action for copyright infringement, should not have standing to pursue that claim. Neither the text nor policy behind § 501(b) militate against Plaintiff's standing to bring an action. In addition, the cases cited by Defendant fail to persuade the Court that the Copyright Act compels a contrary result. Defendant's motion to dismiss on this basis is therefore denied.

B. Plaintiff's Unfair Competition Claim is Preempted

A state law claim is preempted by the Copyright Act if it seeks relief for rights "equivalent to any of the exclusive rights within the general scope of copyright . . . in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright." 17 U.S.C. § 301(a). "To survive preemption, the state cause of action must protect rights which are qualitatively different

from the copyright rights." *Del Madera Properties v. Rhodes and Gardner, Inc.*, 820 F.2d 973, 977 (9th Cir. 1987). The claim must have an "extra element" that "changes the nature of the action so that it is *qualitatively* different from a copyright . . . infringement claim." *Summit Mach. Tool Mfg. v. Victor CNC Sys.*, 7 F.3d 1434, 1440 (9th Cir. 1993) (citations omitted).

In this case, Plaintiff's unfair competition claim simply incorporates by reference the allegations relating to her copyright infringement claim. It is clear, then, that the state claim does not "protect rights which are qualitatively different from the copyright rights." *Del Madera*, 820 F.2d at 977. It is therefore preempted, and Defendant's motion to dismiss on this basis is granted.

III. Conclusion

For the reasons stated above, the Court (1) DENIES Defendant's motion to dismiss Plaintiff's copyright claim for lack of standing, and (2) GRANTS Defendant's motion to dismiss Plaintiff's unfair competition claim as preempted.

IT IS SO ORDERED.

DATED: 1/25/2001

/s/ Stephen V. Wilson
STEPHEN V. WILSON
UNITED STATES
DISTRICT JUDGE

330 F.3d 1204

United States Court of Appeals,
Ninth Circuit.
Nancey SILVERS, Plaintiff-Appellee,
v.
SONY PICTURES ENTERTAINMENT, INC.,
Defendant-Appellant.
No. 01-56069.

Argued and Submitted Oct. 9, 2002.
Filed June 3, 2003.

Before *HUG*, *BRUNETTI* and *O'SCANNLAIN*, Circuit Judges.

BRUNETTI, Circuit Judge.

Appellant Sony Pictures Entertainment, Inc. ("Sony") makes an interlocutory appeal challenging the district court's ruling that an accrued cause of action for copyright infringement may be assigned to a third party, thereby granting the assignee the right to sue for the infringement violation. We affirm the district court's ruling.

BACKGROUND

In 1991, Appellee Nancey Silvers, a writer and producer of television movies, began writing a script about the relationship between a mother, who discovers she has cancer, and her ex-husband's new wife, who will raise the mother's children when the mother dies. In 1995, the script was made into a CBS movie called "The Other Woman." Silvers completed the script as a work-for-hire for Frank and Bob Films II, aka Von Zerneck/Sertner Films, who owns the copyright to the movie.

In 1998, Sony released the motion picture "Stepmom," a film starring Julia Roberts, Susan Sarandon and Ed Harris. After the release of "Stepmom," Von Zerneck/ Sertner Films and Frank and Bob Films II executed an "Assignment of Claims and Causes of Action" selling, transferring and assigning to Nancey Silvers "all right, title and interest in and to any claims and causes of action against Sony Pictures Entertainment, Inc., Columbia Tri-Star and any other appropriate persons or entities with respect to the screenplay 'The Other Woman' . . . and the motion picture 'Stepmom.'" The assignors retained ownership of all other rights under the copyright. Subsequently, on June 13, 2000, Nancey Silvers filed a complaint against Sony for copyright infringement and unfair competition alleging that "Stepmom" was similar to a script she had written for a 1995 television movie, "The Other Woman." Silvers' claims that the creation, production and release of "Stepmom" to the "general public in numerous venues and formats" infringed on the copyright of "The Other Woman."

On July 10, 2000, Sony filed a Motion to Dismiss pursuant to Rule 12(b). Sony claimed that Silvers lacked standing to bring the copyright infringement suit. On January 25, 2001, the district court entered an order denying Sony's motion to dismiss. On March 5, 2001, Sony filed a Notice of Motion and Motion for Certification of Order For Interlocutory Appeal. On March 29, 2001, the district court granted Sony's motion. The issue is before us on interlocutory appeal.

STANDARD OF REVIEW

We review the district court's conclusions of law de novo. *United States v. Orr Water Ditch Co.*, 256 F.3d 935,

945 (9th Cir.2001), *cert. denied,* 535 U.S. 1096, 122 S.Ct. 2291, 152 L.Ed.2d 1050 (2002).

DISCUSSION

The question of law presented to us is whether an accrued cause of action for copyright infringement may be assigned to a third party, without any other copyright rights accompanying the assignment. While other circuits have addressed similar questions, no court has squarely resolved this issue. While we have previously held that the creator of a work for hire (Silvers) does not retain a beneficial interest under which the creator may sue for copyright infringement unless there is "an express contractual provision to the contrary" (*Warren v. Fox Family Worldwide Inc.*, 328 F.3d 1136, 1144-45 (9th Cir.2003)), we have not previously resolved whether a legal or beneficial owner of a copyright may transfer the right to accrued causes of action for copyright infringement to the creator (Silvers) or any other third party. The authority closest on point is *Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698 (5th Cir.1969). We agree with the rationale of *Prather* and find that an accrued cause of action for copyright infringement may be assigned to a third party. The language of 17 U.S.C. § 501(b) is consistent with *Prather* and its adoption after *Prather* is consistent with and does not change the holding of *Prather* regarding copyright assignments. *See Moran v. London Records, Ltd.*, 827 F.2d 180, 183 (7th Cir.1987) (Congress codified pre-existing case law that had developed under the 1909 Copyright Act into the standing provisions of § 501(b)).

In *Prather,* the author's publisher assigned both the copyright to the author's works and the accrued causes of

action related to the author's works to the plaintiff-author. When the plaintiff-author sued the defendant-publisher for copyright infringement, the defendant-publisher claimed that the plaintiff-author did not have standing to sue. The Fifth Circuit decided differently, holding that the assignor clearly transferred the right to sue to the plaintiff-author. The court further found that the case involved a "simple assignment of a chose in action." *Prather,* 410 F.2d at 699. The assignment was valid because the contract specified in clear, precise terms that the assignor transferred the past, prior accrued choses in action to the assignee. *Id.* at 700. The court found that such an assignment was not against public policy. *Id.*

Nimmer on Copyright supports this interpretation of *Prather.* Nimmer agrees that an "assignee of an accrued infringement cause of action has standing to sue without the need to join his assignor, even if the latter retains ownership of all other rights under the copyright." 3 Nimmer on Copyright § 12.02[B] at 12-54 and n. 27 (2000). Simply stated, the accrued causes of action may be assigned without transferring any other copyright right to the assignee.

In the "Assignment of Claims and Causes of Action" signed by representatives of Frank and Bob Films II, Silvers was given "**all right, title, and interest in and to any claims and causes of action** against Sony Pictures Entertainment Inc. . . . with respect to the screenplay 'The Other Woman' . . . and the motion picture 'Stepmom'" (emphasis added). In no uncertain terms, the copyright owner Frank and Bob Films II, by an assignment executed after the release of the alleged infringing work "Stepmom," transferred any accrued causes of action related to the two films to Silvers. The all-inclusive

language of the assignment precisely and clearly specified what rights Silvers obtained. This was a "simple assignment of a chose in action." *Prather,* 410 F.2d at 699.

Appellant Sony urges us to adopt the rationale of *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.,* 697 F.2d 27 (2d Cir.1982). This case, however, does not support Sony's position. Eden Toys was granted an exclusive license to use the licensor Paddington's copyright and characters, and Paddington retained the right to sue for any copyright infringement on Eden Toys' license. *Id.* Eden Toys was granted the right to sue for infringement only if Paddington refrained from instituting legal action against the infringer. *Id.* The pertinent language of the license reads as follows:

> 9. Infringement
>
> (a) In the event that Eden or its licensees shall be exposed to competition, direct or indirect, from infringers of the copyright or trademark rights which are licensed hereunder . . . Paddington shall, at its option, take all necessary legal action to enjoin such infringement and protect Eden and its licensees.
>
> (b) In the event of such infringement and Paddington's election to take no legal action . . . Eden shall have the right, at its option:
>
> (i) to institute appropriate legal action against the infringer . . .

Id. at 30 n. 2. Citing the agreement between Paddington and Eden Toys, the Second Circuit asserted that:

> Eden apparently believed that a third basis for standing under the Copyright Act existed, namely authorization by the copyright holder of suit by a person *other* than an exclusive licensee. Clause 9 of the 1975

> Eden/Paddington agreement . . . contemplates such an arrangement. We do not believe that the Copyright Act permits holders of rights under copyrights to choose third parties to bring suits on their behalf.

Id. at 32 n. 3. The court based its conclusion on the specifics in the Paddington-Eden Toys agreement related to the prospective causes of action for infringement that could have arisen after the agreement. *Id.* at 30 n. 3. *Eden Toys* can be distinguished from the present case because it is not clear that Paddington granted Eden Toys any right to sue on accrued causes of action. The agreement referred to future causes of action with the license, allowing Eden Toys to sue on future infringements only if Paddington failed to bring legal action against an infringer. No accrued causes of action for infringement were assigned.

We disagree with *Eden Toys* to the extent that it suggests that 17 U.S.C. § 501(b) permits *only* the legal or beneficial owner of a copyright to bring an action for copyright infringement. Section § 501(b) states, in part:

> The legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for any infringement of that particular right committed while he or she is the owner of it.

17 U.S.C.A. § 501(b) (West 1996). In a footnote, the Second Circuit suggests that 17 U.S.C. § 501(b) clearly limits those who have standing to bring a copyright infringement suit to an owner of an exclusive right under copyright. *Eden Toys,* 697 F.2d at 32 n. 3. We do not agree that § 501(b) makes such a limitation. Nothing in the language of § 501 specifies or suggests that the legal or the beneficial owners are the exclusive plaintiffs in copyright infringement cases. Section 501 merely states that these two

classes are *entitled* to institute infringement actions. 17 U.S.C.A. § 501(b). The word "entitle" means "to grant a legal right to or to qualify for." *Blacks Law Dictionary* 553 (7th ed. 1999). According to the language of the statute the legal or beneficial owner of an *exclusive right* under copyright has the legal right to institute an action for infringement of *that right* while he or she is the owner of it. The language in § 501(b) which allows the legal or beneficial owner to sue for an infringement "while he or she is the owner of it" indicates that the right accrues. Nothing in the statute prohibits the legal or beneficial owner of the exclusive right under copyright from assigning an accrued cause of action for infringement of that right. Such an assignment is like assignment of any other chose in action under contract theory. Nothing in the language of the statute prohibits or restricts an assignee of an accrued infringement cause of action from bringing a copyright infringement action. Sony claims that Congress did not intend for the right to sue to be a separate right of copyright because it was not included as a divisible right in 17 U.S.C. § 106. We do not believe § 106 presents an exclusive list of all the rights of a copyright owner. The Congressional Report with regard to the adoption of § 106 states that:

> [t]he five fundamental rights that the bill gives to copyright owners – the exclusive rights of reproduction, adaptation, publication, performance and display – are stated generally in section 106. These exclusive rights, which comprise the so called "bundle of rights" that is a copyright, are cumulative and may overlap in some cases. Each of the five enumerated rights may be subdivided indefinitely and . . . in connection with section 201, each subdivision of an *exclusive right may be owned and enforced separately.*

H.R. Rep. No. 94-1476, 1976 WL 14045, pt. 1, at 61, 1976 U.S.C.C.A.N. 5659, 5674 (1976) (emphasis added).

17 U.S.C. § 201(d) provides in part that:

> (1) [t]he ownership of a copyright may be transferred in *whole or in part* by any means of conveyance or by operation of law. . . .
>
> (2) [a]ny of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by *section 106, may be transferred as provided by clause (1) and owned separately.* The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title. (Emphasis added.)

17 U.S.C.A. § 201(d) (West 1996). The copyright owners have separated from their "bundle of rights" all of the accrued causes of action and litigation rights against Sony regarding "The Other Woman" and "Stepmom" and explicitly assigned them to Silvers.

Sony also argues that an assignment of accrued causes of action should be void for public policy because it subjects defendants to the risk of multiple litigation. Sony's contention lacks merit. Sony fails to cite, nor have we found, any case to support this assertion. In fact, the Fifth Circuit actually found that an express assignment, obtained after the infringement occurred, of causes of action "that may have heretofore accrued" for copyright infringement were not against public policy. *Prather,* 410 F.2d at 699 n. 1, 700. The court cited *Federal Rule of Civil Procedure 17,* in support of the proposition that assignees of choses in action, whether or not the owner, may bring lawsuits for copyright infringement. *Id.* Furthermore, the

Fifth Circuit declared that the court has the power to avert multiple suits. *Id.* We agree with this reasoning and nothing in the language of § 501(b) changes these principles set forth in *Prather.* The copyright owners here have transferred all their accrued causes of action for infringement regarding these particular films and there is no risk of Sony being subjected to multiple lawsuits.

CONCLUSION

For the foregoing reasons, we AFFIRM the district court, finding that accrued causes of action for copyright infringement may be assigned.

370 F.3d 1252

United States Court of Appeals,
Ninth Circuit.
Nancey SILVERS, Plaintiff-Appellee,
v.
SONY PICTURES, Entertainment Inc.,
Defendant-Appellant.
No. 01-56069.

June 9, 2004.

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ORDER

SCHROEDER, Chief Judge.

Upon the vote of a majority of nonrecused regular active judges of this court, it is ordered that this case be reheard by the en banc court pursuant to Circuit Rule 35-3. The three-judge panel opinion shall not be cited as precedent by or to this court or any district court of the Ninth Circuit, except to the extent adopted by the en banc court.

Supreme Court, U.S.
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No. 04-1738

IN THE

Supreme Court of the United States

NANCEY SILVERS,

Petitioner,

v.

SONY PICTURES ENTERTAINMENT INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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COUNTERSTATEMENT OF QUESTIONS PRESENTED

1. Whether an assignee of an accrued claim for copyright infringement, who has no legal or beneficial interest in the copyright itself, has standing to bring an action for copyright infringement.

2. Whether a plaintiff in a copyright infringement suit who both lacks standing to sue and has no interest of any kind in the copyright in suit may nevertheless proceed if she joins the owner of the allegedly infringed copyright.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, respondent Sony Pictures Entertainment Inc. states that Sony Corporation is the only publicly held company that owns 10 percent or more of the stock of Sony Pictures Entertainment Inc.

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BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondent Sony Pictures Entertainment Inc. respectfully submits this brief in opposition to Nancey Silvers's petition for a writ of certiorari seeking review of the en banc decision of the Court of Appeals for the Ninth Circuit filed March 25, 2005.

ADDITIONAL RELEVANT STATUTORY PROVISIONS OMITTED FROM THE PETITION FOR WRIT OF CERTIORARI

1. 17 U.S.C. § 101:

". . .

'Copyright owner', with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

A 'transfer of copyright ownership' is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.

A 'work made for hire' is—(1) a work prepared by an employee within the scope of his or her employment; or (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text,

as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. For the purpose of the foregoing sentence, a "supplementary work" is a work prepared for publication as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, afterwords, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendixes, and indexes, and an "instructional text" is a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities. . . ."

2. 17 U.S.C. § 106:

"Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following: (1) to reproduce the copyrighted work in copies or phonorecords, (2) to prepare derivative works based upon the copyrighted work, (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending, (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and (6) in

the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission."

3. 17 U.S.C. § 201(b):

"*Works made for hire.*—In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright."

4. 17 U.S.C. § 201(d):

"*Transfer of ownership.*—

(1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession

(2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title."

4. 17 U.S.C. § 205:

"(a) *Conditions for recordation.*—Any transfer of copyright ownership or other document pertaining to a copyright may be recorded in the Copyright Office if the

document filed for recordation bears the actual signature of the person who executed it, or if it is accompanied by a sworn or official certification that it is a true copy of the original, signed document

(b) *Certificate of Recordation.*—The Register of Copyrights shall, upon receipt of a document as provided by subsection (a) and of the fee provided by section 708, record the document and return it with a certificate of recordation.

(c) *Recordation as Constructive Notice.*—Recordation of a document in the Copyright Office gives all persons constructive notice of the facts stated in the recorded document, but only if—(1) the document, or material attached to it, specifically identifies the work to which it pertains so that, after the document is indexed by the Register of Copyrights, it would be revealed by a reasonable search under the title or registration number of the work; and (2) registration has been made for the work

(d) *Priority Between Conflicting Transfers.*—As between two conflicting transfers, the one executed first prevails if it is recorded, in the manner required to give constructive notice under subsection (c), within one month after its execution in the United States or within two months after its execution outside the United States, or at any time before recordation in such manner of the later transfer Otherwise the later transfer prevails if recorded first in such manner, and if taken in good faith, for valuable consideration or on the basis of a binding promise to pay royalties, and without notice of the earlier transfer

(e) *Priority Between Conflicting Transfer Of Ownership and Nonexclusive License.*—A nonexclusive license, whether recorded or not, prevails over a conflicting trans-

fer of copyright ownership if the license is evidenced by a written instrument signed by the owner of the rights licensed or such owner's duly authorized agent, and if—(1) the license was taken before execution of the transfer; or (2) the license was taken in good faith before recordation of the transfer and without notice of it."

COUNTERSTATEMENT OF THE CASE

According to the allegations of her complaint, Petitioner Nancey Silvers wrote the script for a made-for-television movie called "The Other Woman" as a work made for hire for a company called Frank & Bob Films II ("Frank & Bob"). (App 63.)[1] Frank & Bob was thus the "author" of the script and was vested with the copyright in the script at the outset. (App.2; 17 U.S.C. § 201(b).)

About three years after the "The Other Woman" aired on television, Respondent Sony Pictures Entertainment Inc. ("Sony") released the motion picture "Stepmom." (Pet. at 3.) Sometime after the release of "Stepmom," Frank & Bob assigned to Silvers "all . . . claims . . . against Sony Pictures . . . and any other appropriate persons or entities, with respect to the screenplay 'The Other Woman' . . . and the motion picture 'Stepmom.'" (*Id.*) Frank & Bob made only this assignment of claims and did not assign any interest in the copyright in "The Other Woman" to Silvers. (App.71.)

Silvers then filed a copyright infringement suit against Sony, claiming that "Stepmom" was substantially similar to the script for "The Other Woman" (*Id.*) Frank & Bob

[1] References to the Petition's Appendix appear as "App.__", references to the addendum to this Brief appear as "Opp.Add.__."

was not a party to the suit and the district court read the assignment as prohibiting Silvers from joining Frank & Bob.[2] (Opp Add.3 (Order Granting Defendants' Motion for Interlocutory Appeal, Mar. 29, 2001))

Silvers's sole asserted basis for standing was the Assignment of Claims from Frank & Bob. Sony, relying principally on 17 U.S.C. § 501(b) ("The legal or beneficial owner of an exclusive right under a copyright is entitled to institute an action for any infringement . "), moved to dismiss the complaint on the ground that Silvers lacked standing to bring a copyright infringement action because she did not own any rights in the copyright and instead was only the assignee of a bare claim (App.71) The district court denied Sony's motion and certified its ruling for interlocutory appeal pursuant to 28 U.S.C § 1292(b). (Pet. at 4, App.71, Opp Add.1-4.) A panel of the Court of Appeals for the Ninth Circuit affirmed *See Silvers v. Sony Pictures Entm't Inc.*, 330 F.3d 1204 (9th Cir 2003). The Court of Appeals then voted to hear the case en banc, 370 F 3d 1252 (9th Cir. 2004), and reversed the district court, 402 F 3d 881 (9th Cir. 2005) (App 18, 79) A majority of the Court of Appeals first observed that § 501(b) of the Copyright Act of 1976 (the "1976 Act" or the "Act") confers standing to sue for copyright infringement only on the "legal or beneficial owner of an exclusive right under a copyright." The majority then looked to the statute, its legislative history, copyright case law from other circuits, and analogous patent law, and interpreted § 501(b) to mean

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[2] The district judge apparently read the strong indemnity and "no publicity" provisions in the Assignment as inconsistent with Frank & Bob's involuntary joinder. (*See* Opp Add 6 (Assignment of Claims and Causes of Action))

exactly what it says, and held that Silvers, who never has owned any interest in the underlying copyright, lacked standing to sue. (App. 18.)

LEGAL DISCUSSION

THIS COURT SHOULD DENY SILVERS'S PETITION BECAUSE IT FAILS TO SATISFY THE REQUIREMENTS FOR CERTIORARI REVIEW

Silvers's petition for writ of certiorari from the en banc decision of the Ninth Circuit Court of Appeals (the "Decision") satisfies none of the criteria for review in this Court. No decision interpreting the 1976 Act and its standing provisions supports Silvers's position. There is no assertion that the Decision conflicts with any relevant decision of this Court. Nor does this case involve any unresolved question of federal law requiring intervention by this Court Silvers, moreover, does not argue that the standing rule adopted by the Decision would in any way interfere with the ability of copyright owners to enjoy or enforce their rights.

Silvers's argument that the Decision conflicts with a 1969 decision by the Fifth Circuit Court of Appeals is simply wrong. That Fifth Circuit decision involved a different (now repealed) copyright statute (the "1909 Act"), with entirely different notions of copyright ownership and standing to sue, and thus is not in conflict with, and indeed could not conflict with, a decision construing current provisions that appeared for the first time in the 1976 Act Decisions in the Second Circuit, moreover, addressing the issue of standing under the 1976 Act are in accord with the Decision here. The petition thus involves no more than a

request to overturn settled principles of copyright jurisprudence that are firmly rooted in the 1976 Act

A. There Is No Conflict Among The Circuits On The Issue Of Standing To Sue For Copyright Infringement

Silvers alleges a conflict between the Decision and one other decision: *Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698 (5th Cir. 1969), a case interpreting the standing provision of the predecessor 1909 Act. Under the 1909 Act, a copyright was considered "indivisible" and the single "proprietor" of the copyright was given standing to sue for infringement. 17 U.S.C. § 101(b) (1976) (repealed), *Gardner v. Nike, Inc.*, 279 F.3d 774, 778 (9th Cir. 2002). In *Prather*, the copyright plaintiff obtained an assignment of a copyright together with accrued infringement claims, and transferred certain rights back to the prior owner. 410 F.2d at 699 & n.3. The defendant argued that the plaintiff had not become the "proprietor" because he did not own the entire copyright and therefore he lacked standing to sue. *Id.* at 699. The *Prather* court held that the plaintiff did have standing because he held a valid assignment of the claim. *Id.* at 700.

Prather is inapposite for two reasons, as explained in the Decision. (*See* App. 15.) First, it was decided under the 1909 Act and is therefore of no assistance in interpreting 17 U.S.C. § 501(b), which had no analogue in the 1909 Act. The provision in § 501(b) authorizing suits by owners of exclusive rights, and no one else, did not exist in the 1909 Act.

Second, the plaintiff in *Prather* received the transfer of an ownership interest in the underlying copyright contem-

poraneously with the assignment of the accrued causes of action, meaning that the most crucial fact of the instant case—that Silvers was assigned a naked cause of action with no accompanying interest in the copyright—was not present in *Prather*. As the Decision states, "the *Prather* court was not faced, as we are, with a situation in which the owner of all the exclusive rights and the owner of the accrued causes of action are two different people." (App.15.)

The only circuit other than the Ninth to have addressed the issue of standing raised here is the Second, and, as the Decision itself notes (App.15-17), the Decision fully accords with the Second Circuit's decisions. For example, in *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27 (2d Cir 1982), the court stated: "We do not believe that the [1976] Copyright Act permits holders of rights under copyrights to choose third parties to bring suits on their behalf. While F. R. Civ. P. 17(a) ordinarily permits the real party in interest to ratify a suit brought by another party, the Copyright Law [in § 501(b)] is quite specific in stating that only the 'owner of an exclusive right under a copyright' may bring suit." *Id.* at 32 n.3 (citations omitted). In *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971 (2d Cir. 1991), the court again found that "the Copyright Act does not permit copyright holders to choose third parties to bring suits on their behalf." *Id.* at 980 [3]

[3] Judge Bea's dissent below takes issue with the majority's reading of both Second Circuit cases. Judge Bea argues that *Eden Toys* is distinguishable and barred only the assignment of future claims for infringement, not accrued causes of action. (App. 58-59.) The language quoted in text above, however, remains part of the Second Circuit's analysis and shows that that court is in accord with the Decision below.

(footnote continued on the following page)

The alleged "Circuit conflict" created by the Decision is therefore entirely illusory. Every decision addressing the standing provision in the 1976 Act is consistent with the Decision.[4]

While the *ABKCO* court did note, as Judge Bea points out, that the assignee's "right to bring the claims ar[ose] not out of its ownership of the copyright, but from its ownership of the claims themselves" (App.60-61 (citing *ABKCO*, 944 F.2d at 980-81)), the Second Circuit was merely reaffirming the general rule that the transfer of an ownership interest in a copyright does not carry with it an assignment of accrued causes of action unless those causes of action are *specifically* assigned to the transferee. *E.g.*, *ABKCO*, 944 F.2d at 980; *R&R Recreation Prods., Inc. v. Joan Cook Inc.*, No. 91-Civ.-2589 (JSM), 1992 WL 88171, at *4 (S.D.N.Y. Apr. 14, 1992); *Skor-Mor Products, Inc. v. Sears, Roebuck & Co.*, No. 81-Civ.-1286-CSH, 1982 WL 1264, at *3 (S.D.N.Y. May 12, 1982); MELVILLE B. NIMMER & DAVID NIMMER, 3 NIMMER ON COPYRIGHT, § 12.02[B], at 12-57 to -58 & n.26 (2005) (hereinafter "NIMMER"). In all events, the assignee in *ABKCO* held both the copyright as well as the accrued cause of action. *ABKCO*, 944 F.2d at 980-81.

[4] *See also, e.g.*, *Zenix Industrial U.S.I., Inc. v. King Hwa Industrial Co.*, Nos. 88-5760, 89-55729, and 88-5936, 1990 WL 200234, at *2 (9th Cir. Dec. 7, 1990) ("Section 501 of the [1976] Copyright Act gives the power to claim infringement only to copyright owners or exclusive licensees."); *Motta v. Samuel Weiser, Inc.*, 768 F.2d 481, 483-84 (1st Cir. 1985) ("If a plaintiff is not the author of the copyrighted work then he or she must establish a proprietary right through the chain of title in order to support a valid claim to the copyright. Absent this showing, a plaintiff does not have standing to bring an action under the [1976] Copyright Act."); *R. Ready Productions, Inc. v. Cantrell*, 85 F. Supp. 2d 672, 684 n.11 (S.D. Tex. 2000) (parties without an "ownership interest in the copyright" lack standing to sue under the 1976 Act pursuant to § 501); *Broadcast Music, Inc. v. CBS Inc.*, No. 83-Civ.-5004-CSH, 1983 WL 1136, at *6 (S.D.N.Y. July 20, 1983) (even if plaintiff could show it was vested with the exclusive right of enforcement as to copyrights belonging to a third party, this would not provide it with standing under the 1976 Act, which is given only to "'the legal or beneficial owner of an exclusive right *under a copyright*'" pursuant to § 501(b)) (citations omitted).

B. The Decision Is Correct And Creates No Uncertainties Or Anomalies Meriting The Attention Of This Court

1. Applicable Copyright Law Principles Show That The Decision Is Correct And In Accord With The Relevant Provisions Of The 1976 Act

As we show below, the 1976 Act goes so far as to provide standing to owners of exclusive rights in copyright, and no further. For more than 170 years, copyright law has been well-settled that "the protection given to copyrights is wholly statutory," *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 431 (1984) (citing *Wheaton v. Peters*, 33. U.S (8 Peters) 591 (1834)), and the courts are not authorized to expand o hat Congress has done.

Under the 1909 Act, a copyright was "indivisible," meaning that only one person or entity could own a copyright, and only this "proprietor" of the copyright was given standing to sue for infringement. 17 U S C § 101(b) (1976) (repealed), *Gardner v. Nike*, 279 F 3d 774, 777-78 (9th Cir. 2002). The 1976 Act, which was the product of almost two decades of drafting, deliberation and compromise, abolished the notion of copyright "indivisibility," and for the first time in American copyright jurisprudence, provided that specified aspects of copyright ownership could be separately conveyed, owned, and enforced by others, *i.e.*, that copyright ownership could be divided, and that the "owners" of the specified rights all were authorized to sue in their own names for infringement of the rights they own. Thus, § 201(d) of the Act expressly provides that "ownership of a copyright may be transferred in whole or in part," and that

> [a]ny of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by [the previous] clause [ ] and owned separately.

17 U.S.C. § 201(d)(1), (2). This section further provides that "The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title." 17 U.S.C. § 201(d)(2).

The "exclusive rights" in a copyright are specifically defined in § 106 of the Act and are expressly referred to in § 201(d)(2) as such, they consist of the rights of reproduction, adaptation, distribution, public display and performance 17 U.S.C. § 106. These are the only exclusive rights that can be divided, transferred, and "owned" separately, and it is their ownership that confers the protections and remedies accorded to a copyright owner under the 1976 Act.[5]

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[5] A "transfer of copyright ownership" is defined in the Act as:

> an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.

17 U.S.C. § 101. Put another way, the assignment of something other than an exclusive right in the copyright (*e.g.*, a nonexclusive license) is not an assignment of an "ownership" interest under the 1976 Act, and the Act expressly says as much. *See, e.g., Latin Am. Music Co. v. Archdiocese of San Juan*, 194 F. Supp. 2d 30, 49 (D.P.R. 2001), noting that nonexclusive licensees to not have standing to bring infringement suits under § 501(b). *See also R. Ready Productions*, 85 F. Supp. 2d at 684 n.11; *Broadcast Music*, 1983 WL 1136, at *5-*7; 3 NIMMER § 12.02[B], at 12-56 & n.9.

A "cause of action" or "claim for infringement" is not among the statutorily defined divisible rights in § 106; it instead is one of the *remedies* afforded to the owners of § 106 rights by § 501(b) of the Act. *See R&R Recreation Prods., Inc. v. Joan Cook Inc.*, No. 91-Civ.-2589 (JSM), 1992 WL 88171, at *4 (S.D.N.Y. Apr. 14, 1992).

Since only the owner of an exclusive right in a copyright is considered an "owner" of the copyright and is afforded "the protection and remedies accorded to [the] copyright owner[s]" under the statutory provisions cited above, § 501(b) states that

> *the legal or beneficial owner of an exclusive right* under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it.

17 U.S.C. § 501(b) (emphasis added). Thus—on the basis of the plain and unambiguous language of the statute—in order to have standing to enforce a right in copyright for infringement, the claimant must be a legal or beneficial owner of the particular exclusive right alleged to have been infringed. The Decision so held. (App.7-8, 17-18.)

This result is in harmony with other relevant intellectual property law. This Court and lower federal courts consistently have held that an assignee of a bare cause of action for patent infringement has no standing to sue for infringement. *E.g., Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 39 (1923); *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1381 (Fed. Cir. 2000); *A. L. Smith Iron Co. v. Dickson*, 141 F.2d 3, 6 (2d Cir. 1944) (L. Hand, J.). *See also Int'l Soc'y for Krishna Consciousness*

v. *Stadium Auth.*, 479 F Supp. 792, 797 (W.D. Pa. 1979) (holding that the assignee of a bare chose in action to sue for trademark infringement has no standing to maintain such a suit under the Lanham Act).

In enacting the 1976 Act, moreover, Congress recognized that the change from a regime under which a single "proprietor" had standing to sue to one in which every owner of an exclusive right had standing could lead to a "multiplicity" of litigation. Congress specifically focused on § 501(b) as *limiting* who could sue:

> The principle of the divisibility of copyright ownership, established by section 201(d), carries with it the need in infringement actions to safeguard the rights of all copyright owners and *to avoid a multiplicity of suits*. Subsection (b) of section 501 enables *the owner of a particular right* to bring an infringement action in that owner's name alone, while at the same time ensuring to the extent possible that the other owners whose rights may be affected are notified and given a chance to join the action.

H.R. REP. NO. 94-1476, at 158-59 (1976) (emphasis added), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5774-75. Thus, that § 501(b) denies standing to a plaintiff such as Silvers was specifically contemplated by Congress.

Moreover, as the Decision recognized (App. 6-7), the provisions in the 1976 Act concerning recordation further evidence that Congress did not intend to allow suits by assignees of bare claims (as well as illustrate one of the serious practical problems that would result from the rule Silvers urges). Congress provided a mechanism for the

recordation of transfers of copyright interests, and for determining the priority of recorded interests, which in turn assists defendants (or potential defendants) in determining whether an adverse party is truly the entity with which the defendant should be litigating, or attempting to resolve, a dispute. *See* 17 U.S.C. § 205. In contrast, the Act does not provide for the recordation of assignments of causes of action for copyright infringement, nor for resolution of conflicting claims to the ownership of such causes of action. Thus, to take but a single example, a potential defendant facing an assigned claim and wishing to settle in advance of litigation would have no way of using the recordation system to assure that he was dealing with the true owner of the claim. Congress, no doubt, provided for the recordation of transfers of copyright ownership but not for transfers of copyright claims because Congress never contemplated that assignees of such naked claims would have standing to sue.

In making her arguments, Silvers rides roughshod over another key facet of the 1976 Act: the "work made for hire" doctrine. Although Silvers indisputably wrote the script for "The Other Woman" as a work for hire, Silvers intimates that she has some special relationship to that work as its "creative force" (Pet. at 6) and goes so far as to mischaracterize herself as "the original author" (Pet. at 3).[6]

[6] Silvers relies on the dissenting opinion of Judge Berzon for this proposition. That opinion takes the position that Silvers is the "original creator" of the work in suit, and has a "significant interest in the infringement" as such. (App.25.) This is entirely at odds with settled work-for-hire principles and the interests of those industries, including the motion picture industry, which necessarily rely upon a predictable mechanism for securing both ownership and authorship rights *ab initio*. *See generally* 5 NIMMER at § 23.06[A], at 23-214 to -215.

(*footnote continued on the following page*)

However, the work-made-for-hire doctrine, as codified in the 1976 Act, makes it plain that Silvers is not the author of the work, and has no rights in it. *See* 17 U.S.C. §201(b) ("In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for the purposes of this title . . . and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all the right comprised in the copyright.") Thus, she is not the author of the work for any purpose, including standing to assert a claim for alleged infringement. *Moran v. London Records, Ltd.* 827 F.2d 180, 182-83 (7th Cir. 1987). The writer's interest in a work for hire is, as a matter of law, that of a stranger to the work.

2. The Alleged Inconsistencies In The Decision Are Nonexistent

Silvers also offers a parade of alleged inconsistencies in reasoning and anomalies that supposedly flow from the Decision. In quarreling with the implications she believes the Decision has for other potentially imaginable cases, Silvers argues issues not presented on the record here. First, Silvers says that the Decision prohibits *all* assignments of copyright claims (*see, e.g.*, Pet. at 3 ("This petition seeks review of a decision holding that Section 501(b) of the 1976 Act prohibits the assignment of an accrued cause of action for copyright infringement . . . "), 5-6

It is worth noting that Congress explicitly considered and rejected a proposed provision in the 1976 Act, advanced by screenwriters and composers for motion pictures, that would have granted them "rights" in their contributions to films similar to that claimed by Silvers here. *See* H.R. REP. No. 94-1476, at 121 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5736-37.

("Logically, the majority's construction of Section 501(b) would preclude all assignments of copyright infringement claims . . including those accompanying assignment of the copyright.")). The Decision, however, is expressly to the contrary: Referring to the Second Circuit's decision in *ABKCO* that a plaintiff who purchased both a copyright and accrued claims for its infringement did have standing to sue, the Decision states that "[t]his holding makes perfect sense." (App.17 n.1.) Thus, rather than prohibiting the assignment of claims, the decision states its agreement with decisions allowing assignment of claims together with assignment of copyright ownership.[7]

Silvers also argues (*see* Pet. at 12-13) that the Decision "creates confusion" about whether an infringement cause of action could be assigned to a party that has an entirely unrelated exclusive right in the copyright. In other words, for example, if the owner of a copyright in a play transfers the exclusive right to perform it in New York together with an accrued claim for infringement by virtue of an unauthorized performance in Los Angeles, would the transferee have standing to sue on the Los Angeles claim? The answer, "no," is clear beyond argument in the plain text of the Act, which requires a coincidence of the rights owned and the rights sued upon for a plaintiff to have standing. *See* 17 U.S.C. §§ 201(d)(2), 501(b). Nothing in the Decision contradicts that plain statutory meaning

[7] Silvers again evidences her misapprehension of the Decision in her articulation of the questions presented in the instant petition—namely, her inaccurate claim that her petition would require this Court to determine "Whether Section 501(b) of the 1976 Copyright Act *prohibits the assignment of an accrued cause of action* for copyright infringement . . . ." (Pet. at i (emphasis added))

Lastly, Silvers suggests a transaction as an artful way of satisfying the statutory ownership criteria (Pet. at 13-14). a plaintiff acquires both the copyright and an accrued cause of action for infringement from the copyright owner, only to promptly assign back the copyright, thus leaving the plaintiff with a bare cause of action. Silvers argues that this plaintiff would have standing and it is therefore "absurd" to deny standing here The courts, however, regularly scrutinize transactions to determine whether they are bona fide, and are well-equipped to do so Silvers's hypothetical transaction hardly seems to involve a true transfer of the copyright. In all events this case does not present that question

C. Silvers's Lack Of Standing Cannot Be Cured By Joining Her Assignor

Silvers advances the additional argument that the Decision errs in not providing for the joinder of the copyright owner to cure her lack of standing. (Pet at 15-16.) But as the district court found. Silvers "signed an agreement forbidding her from joining her assignor " (Opp Add 3) Joinder is thus not available as a remedy for Silvers's lack of standing

Nor is there any logic to the idea that joinder can cure Silvers's lack of standing. Frank & Bob's presence in the suit would not in any way change the fact that Silvers herself simply lacks standing to assert the claim. Certainly none of the cases Silvers cites holds (or even suggests) that a stranger to the ownership of the copyright can bring an infringement claim if she joins the copyright owner. For example, in *Independent Wireless Telegraph Co. v. Radio Corp. of Am.*, 269 U S 459, 461 (1926), cited by Silvers,

the plaintiff who was permitted to proceed in a patent case had an exclusive license.

Further, as shown above, Congress has determined that only owners of exclusive rights can be copyright infringement plaintiffs. Silvers asks this Court to overrule Congress and permit someone who is not such an owner to be a plaintiff because, Silvers believes, courts can use joinder to avoid the problems that inhere in suits by non-owners. Silvers may believe that Congress erred in not providing for standing to bare assignees, but she disregards that the task at hand is to apply the Copyright Act, not to rewrite it.

Finally, Congress has implicitly rejected Silvers's "joinder" argument Section 501(b) explicitly allows a court to "require the joinder, [or] permit the intervention, of any person having or claiming an interest in the copyright" at issue in a lawsuit. 17 U.S.C § 501(b). Joinder, therefore, is a mechanism to allow a third party, whose ownership interest in a portion of the copyright could be affected by a lawsuit, to intervene and be heard. By explicitly acknowledging in § 501(b) the existence and utility of joinder in certain situations—namely, where one owner of an exclusive interest brings an infringement suit that might affect the rights of other owners—Congress showed that it considered the issue of joinder when specifying who had standing, and did not authorize joinder to cure a lack of standing on the part of a plaintiff who is a legal stranger to the copyright.

CONCLUSION

The proposition that the 1976 Act does not afford standing to those who have never held an ownership interest in the underlying copyright is supported by the plain language of the Act, by its legislative history, by established precedent in the Second Circuit, and by established precedent in analogous areas of intellectual property law As clearly shown both above and in the Decision, *Prather v. Neva Paperbacks*—a case decided more than 35 years ago, under a different statute, and which is factually distinguishable from the instant case—is not in conflict with the Decision Accordingly, Silvers's petition for writ of certiorari should be denied

Respectfully submitted,

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Add. 1

Order Granting Defendants' Motion for Interlocutory Appeal

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV-00-6386 SVW (RCx)
Filed: March 29, 2001

NANCY SILVERS,

Plaintiff,

v.

SONY PICTURES ENTERTAINMENT, INC., et al.,

Defendants.

ORDER GRANTING DEFENDANTS' MOTION FOR INTERLOCUTORY APPEAL

I Introduction

The essence of Plaintiff's complaint is that Defendants' motion picture "Stepmom" infringed the copyright of the television movie "The Other Woman," which Plaintiff wrote on a work-for-hire basis for the production company Frank & Bob Films II.

In a prior motion to dismiss, Defendants argued that Plaintiff lacks standing to sue because she is not the registered owner of the copyright. Plaintiff responded that she does have standing to sue because the registered owner of

the copyright. Frank & Bob, assigned to her the accrued cause of action for infringement In our January 26, 2001 Order, the Court agreed with Plaintiff holding that an assignee of an accrued cause of action has standing to sue without the need to join her assignor, even if the latter retains ownership of all other rights under the copyright The Defendants have moved for certification of our Order of January 26, 2001 for interlocutory appeal under 28 U.S.C. § 1292(b).

II Discussion

Section 1292(b) allows this Court to certify for immediate appeal a non-final order where "such order involves a controlling question of law as to which there is substantial ground for difference of opinion and [ ] an immediate appeal . . may materially advance the ultimate termination of the litigation " 28 U.S.C § 1292(b)

a Controlling Question of Law

The "controlling question of law" involved in the Court's Order is whether Plaintiff has standing to bring her lawsuit. The basis for federal jurisdiction over the case is Plaintiff's copyright infringement cause of action. If Plaintiff lacks standing to sue, then her case will be dismissed This standing question meets the Ninth Circuit's definition of a "controlling question of law" See *United States v. Woodbury*, 263 F 2d 784, 787 (9th Cir. 1959) (holding that a "controlling question of law" is one "which, if decided in favor of the appellant, would end the lawsuit "), *Forest Guardians v. Bureau of Land Mgmt.*, 188 F.R.D 389, 396 (D N M. 1999) ("(s)tanding is a controlling question of law, so it meets the first requirement of § 1292(b) ")

b. Substantial Ground For Difference of Opinion

The Court's January 26, 2001 Order explained in some detail that it is not a settled question of law whether an assignee of an accrued cause of action has standing to sue without the need to join her assignor, when the latter retains ownership of all other rights under the copyright Plaintiff argues that the Court, although reaching the right conclusion, incorrectly interpreted the case law so as to see conflict where there is none. The Court has fully addressed Plaintiff's arguments in our prior Order. The Court believes its prior Order demonstrates that a substantial ground for difference of opinion exists.

c. Materially Advancing The Termination of Litigation

A determination of standing will materially advance the termination of litigation. Plaintiff argues she can cure any standing problem by joining her assignor of the accrued cause of action as a party. However, Plaintiff, in consideration of the assignment of the accrued cause of action, signed an agreement forbidding her from joining her assignor.

Therefore, the determination of Plaintiff's standing will determine whether this case will continue or be dismissed.

III. Conclusion

This Court's January 26, 2001 Order meets the statutory requirements for certification under 28 U.S.C. § 1292(b). This proceeding is stayed pending an order from the Ninth Circuit granting or denying Defendants' appeal.

IT IS SO ORDERED.

DATED: 3/28/2001

/s/ STEPHEN V. WILSON
STEPHEN V WILSON
UNITED STATES DISTRICT JUDGE

Add. 5

Assignment of Claims and Causes of Action

1. Assignment of Cause of Action For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Von Zerneck/Sertner Films and Frank and Bob Films II (collectively, "Assignors"), hereby sell, transfer, and assign to Nancey Silvers ("Assignee") all right, title and interest in and to any claims and causes of action against Sony Pictures Entertainment, Inc., Columbia TriStar, and any other appropriate persons or entities, with respect to the screenplay *The Other Woman* (also and previously known as *Mothers and Daughters* and *A Journey of Love*) and all other drafts thereof, on the one hand, and the motion picture *Stepmom*, on the other

2. Authority Granted by Assignment. This assignment is intended to convey to Assignee all of Assignors' rights, titles and interests in the assigned claims and causes of action. Additionally, Assignee acquires the full power to prosecute, compromise, settle, reassign, and give a release in full settlement of the claims and causes of action.

3 Effect on Heirs and Successors. This assignment and each of its provisions shall be binding on and shall inure to the benefit of the respective heirs, devisees, legatees, executors, administrators, trustees, successors, and assigns or the parties to this assignment

4. Amendments to Assignment. This assignment may be amended only by a writing signed by the party against whom or against whose successors and assigns enforcement of the change is sought.

5 Indemnity. Assignee shall indemnify, protect, defend and hold harmless Assignors from and against any and all claims, damages, costs, judgments, attorneys' fees, expenses and/or liabilities arising out of, involving, or in connection with, this assignment In case any action is brought against Assignors by reason of this assignment, Assignee upon notice by Assignors shall defend the same at Assignee's sole cost and expense by counsel reasonably satisfactory to Assignors and Assignors shall cooperate with Assignee in such defenses, as and when reasonably requested

6 No Publicity. Assignee shall not use, caused to be used, or consent to the use or mention of Assignors' respective names or the names of any and all principals, employees, agents, attorneys, subsidiaries and affiliated companies of Assignors in connection with any publicity regarding the claims and/or causes of action described herein without the prior written consent of Assignors.

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7 Notices. Any notices required to be given pursuant to this assignment shall be given by first class mail as follows

To Assignors

Von Zerneck/Sertner Films
Frank & Bob Films II
12001 Ventura Place
Suite 400
Studio City, California 91604

with a copy to:

Hansen, Jacobson, Teller, Hoberman,
Newman & Warren
Hertz & Goldring
450 North Roxbury Drive
Ninth Floor
Beverly Hills, California 90210-4222
Attn: Thomas Hoberman, Esq.

To Assignee:

Ms. Nancey Silvers
142 North Stanley
Beverly Hills, California 90212

with a copy to:

Liner Yankelevitz Sunshine Weinhart
& Regenstreif, LLP
3130 Wilshire Boulevard
Second Floor
Santa Monica, California 90403
Attn: Joseph R. Taylor, Esq.

8. Effect of Partial Invalidity. If any term or provision of this assignment or any application thereof shall be held invalid or unenforceable, the remainder of this assignment and any application of the terms and provisions shall not be affected thereby, but shall remain valid and enforceable.

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9 Governing Law. This assignment shall be governed by and construed in accordance with the laws of California

ASSIGNORS

VON ZERNECK/SERTNER FILMS

By: /s/ [illegible]
Its: Partner

By: /s/ [illegible]
Its: Partner

FRANK & BOB FILMS II

By /s/ [illegible]
Its: Partner

By. /s/ [illegible]
Its: Partner